

FitzGerald set for power after deal with Labour

From Christopher Thomas, Dublin.

A coalition government headed by Dr Garret FitzGerald looks certain to scrape home in the Irish Republic when MPs assemble for the twenty-second Dail tomorrow.

Labour Party delegates voted 737 to 477 in Dublin yesterday in support of a wide-ranging deal with Dr FitzGerald's Fine Gael party. The deal includes a cut in income tax from 35 to 25 per cent with large increases in value-added tax but with food, electricity, coal, clothing and footwear excluded.

The Labour Party's new leader, Mr Michael O'Leary, exacted a high price for entering the pact. There is a far stronger socialist element to the agreement than Fine Gael would have wished, including an across-the-board increase of 10 per cent in welfare payments from October.

Dr FitzGerald's electoral promise of ending the budget deficit in four years already looks doubtful. The primary object will be employment expansion, which will mean immediate aid to large sections of manufacturing, industry, tourism and agriculture and expensive support for creating jobs for the young.

There is still a remote possibility that Mr Charles Haughey's Fianna Fail could cling to power. It depends on the votes or abstentions of six independent MPs and all but one have kept their intentions secret.

Now that the deal is secured, however, it looks as if two, and perhaps three, of them will vote for Dr FitzGerald. One intends to abstain and the other two could support Mr Haughey.

That would give the coalition a majority of perhaps three, but there is the problem of the Speaker, a Fianna Fail man. Tradition forbids a Speaker who has accepted for life but on this occasion he may be withdrawn in order to vote for Mr Haughey.

In that event one of the independents might take the job, which carries a £25,000 salary and the chance of not having to fight another election.

The coalition deal was worked out in more than 100 hours of negotiations after the inconclusive general election result which gave Fianna Fail 78 seats, Fine Gael 65, Labour 15, and others (including two Mase prisoners who cannot vote) 8.

Labour's impact on the coalition, coupled with a large influx of young radical MPs into Fine Gael, could give the partnership government a greater left-wing flavour than any previous administration.

Four of the Cabinet posts would go to Labour, including that of Deputy Prime Minister, which would be held by Mr O'Leary. The joint policy document, running to 50 pages and entitled "Programme for Government 1981-1986," does not include proposals for one of Labour's main passions, a wealth tax. Fine Gael, with support from big farmers, could not have got away with that.

However, it has agreed to a system of taxing those with "substantial capital" to raise £65m a year by 1983. There will also be a special levy on bank profits and tougher measures against tax dodging.

On social issues, Labour's controversial proposal for legalizing divorce is not in evidence; that, too, would have embarrassed Fine Gael. But an all-party group of MPs will be established to look into difficulties related to marital breakdown.

The joint document opens with Northern Ireland and confirms that the Anglo-Irish talks established after last December's Dublin summit between Mr Haughey and Mrs Margaret Thatcher will continue. There is, however, a commitment to end the "unnecessary secrecy" surrounding the talks and an insistence that Ulster politicians must be involved.

Trade unions affiliated to the Labour Party, numbering only 17 of the national total of 92, are generally unhappy about the deal, believing that the party is in danger of losing credibility as a separate political force.

Their disenchantment will be deepened by a bomb and a climate for negotiations on a national wage agreement which began in the autumn.

Other Irish news, page 2. Leading article, page 13.

Many feared dead in blast at Iran party HQ

From Tony Allaway, Tehran, June 28

A powerful explosion tonight severely damaged the Tehran headquarters of Iran's all-powerful Islamic Revolutionary Guard. Buildings were placed on full alert and reported heavy casualties. Some reports spoke of many dead.

The blast, presumed to have been caused by a bomb, was powerful enough to be heard throughout the city centre.

The streets around were a scene of chaos afterwards and it was impossible to obtain accurate information. Reporters were prevented from going near the building but several bystanders told me that the two-story building had been all but flattened.

Ambulances sped to and from and dozens more stood by in surrounding streets, along with several lorries of troops and police and many Revolutionary Guard. Bulldozers were brought in. The eyewitnesses said that rubble lay completely across the dark, narrow street outside.

The official Pars news agency later confirmed that the explosion was caused by a bomb and blamed "counter-revolutionaries" for the incident. It is becoming clear that underground Leftist groups supporting the dismissed President Bani-Sadr have begun a campaign of terror against the ruling fundamentalists. Many of the leaders of the Islamic Republican Party also hold key posts in the administration.

Bani-Sadr accused, page 4.

Peking and Delhi seek agreement on border

China and India will start talks in Peking in September to try to settle the long-standing dispute over their 2,500 miles of shared border. Mr Huang Hua, China's Foreign Minister, has agreed in Delhi with Indian leaders that the two countries will seek a general improvement in relations.

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Miners move to support Benn

The Yorkshire area coalfield leaders believe that steps they have taken give them a good chance of swinging the union's block vote behind Mr Benn in the Labour deputy leadership election.

Page 2.

Taylor returns to England team

Bob Taylor, the Derbyshire wicketkeeper, has been recalled to the England Cricket team for the second Test match against Australia at Lord's, beginning on Thursday. Taylor, aged 39, replaces Paul Downton of Middlesex.

Page 7.

Thatcher mission

Mrs Thatcher will take part in the EEC summit, where discussion will start on budget reform and proposals for a conference on Afghanistan. President Mitterrand will be included for the first time.

Page 4.

'The Times' crop survey

Crops have recovered well from the snows of April and the floods of May, according to the first crop survey compiled by The Times this year. But many farmers face attacks by fungus diseases on crops.

Page 2.

Funds snag for gas pipeline

Funding for the £2,700m North Sea gas pipeline, details of which are expected this week, may have hit a last-minute snag. Oil companies have not yet committed themselves to financing a share of the project.

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On the upturn...

Britain's economy is near the turning point, says a report by the London Business School which predicts single-figure inflation and 3 per cent growth next year.

Page 15.

Poll puts Peres level with Begin

From Christopher Walker, Jerusalem, June 28

With only 48 hours to go until voting in the Israeli general election, the opposition Labour Party has succeeded in reversing the pro-Government trend which has been a consistent factor in all the opinion polls commissioned here for the past three months.

According to the latest poll published today in the Jerusalem Post, Labour has made a recovery in the closing days of the campaign and now stands neck and neck with the ruling right-wing Likud coalition.

The poll predicted that both parties would win 42 seats each in the 120-seat Knesset. It came after a similar survey taken earlier this month showing Likud winning 49 seats compared with 37 for Labour.

Today's result caused an immediate boost in morale for Labour, which has become dispirited by the apparently unstoppable flow of support for Mr Menachem Begin, the Prime Minister.

Although the poll came as a blow to Likud, which had been making steady progress since January, when the Jerusalem Post survey gave it only 20 seats, some senior members of the coalition expressed relief that the setback might prevent the mood of complacency which had set in among some party workers.

Labour Party officials emphasized that the poll was taken before two recent events which they hoped would further assist them on voting day. Last Thursday's televised debate between Mr Begin and Mr Shimon Peres, the opposition leader, and the last-minute appointment of Mr Yitzhak Rabin as Labour's defence spokesman.

At a rally in Jerusalem last night, Mr Begin dismissed the reconciliation between Mr Rabin, a former Labour Prime Minister, and his arch rival, Mr Peres, as "the height of cynicism and hypocrisy."

He said that only 10 days earlier Mr Peres had reassured Labour's then candidate for the defence post that he was withstanding pressures to oust him and appoint Mr Rabin in his place.

No reasons for the sudden upsurge of support for Labour were given in today's poll, but commentators believe that one significant factor may be the reaction to the widespread organized violence at Labour election rallies.

In the final days of the campaign the Opposition has been making effective use of the violence in its press and television advertising. Labour speakers repeatedly accused Mr Begin of whipping up the violence by his fierce rhetoric which has become a campaign hallmark.

The violence continued tonight with an arson attack on the Tel Aviv premises of an anti-Government group called anything but the Likud. Earlier, telephone lines to the building had been cut.

Today's poll has confirmed the view held by many senior diplomats that the result of the election is likely to be extremely close, leading to a hectic period of coalition-building which could last through much of July. If neither side is able to form a government, it is conceivable that another election would have to be held.

Likud has close ties with the two main orthodox religious groups, who between them are predicted to win 14 seats. Thus it is generally accepted that it has a built-in five-seat advantage over Labour in its advance to form a viable coalition.

But against this, observers have to weigh Labour's superior ability in mobilizing its supporters on polling day, using the country-wide network of kibbutzim and the trade union movement.

One experienced official estimated that Labour would be able to field 100,000 volunteers Tuesday, compared with only 40,000 for Likud.

The political complexities likely to occupy Israelis over the next few weeks are highlighted by the Jerusalem Post poll which gives three seats to Mr Moshe Dayan's new centre party, two seats to Tami, the new oriental Jewish party, and four to the extreme right-wing Tehiya.

Fight for votes, page 4. Leading article, page 13.



Start of the trail: Fun runners stride out.

12,250 hit the road and run up £1m

From Our Correspondent, Newcastle upon Tyne

Britain's biggest fun run took to the streets of Tyne-side yesterday.

About 12,250 people took part in the 13-mile Great North Run from Newcastle to South Shields, bringing traffic on Tyne-side almost to a halt for several hours.

The run attracted Sunday school children, school sports teams, and a large number of amateur runners.

There was a quarter of a million people in the city to raise £1m for charity.

A Tyne-side cancer scanner appeal will benefit by £250 from Kevin Keegan, England football captain, who had pledged 50p for every man who finished ahead of him and £1 for every woman.

He ran the course in under 1½ hours but still finished only 497th. Two women beat him; the first to pass the tape was Miss Karen Goldhawk, aged 20, an RAF dental nurse.

Minutes behind Keegan Mr Alan Robinson, a spina bifida victim, aged 26, from Sheffield, who was one of 29 people competing in wheelchairs.

The race was won by Mike McCleod, Tyne-side's international 10,000 metre star, who finished in one hour, 31.7 minutes.

The organizers took out more than £1m worth of insurance for the race, but there were no serious accidents or injuries.

Marathon results, page 8.

Spadolini forms his first government

From John Earle, Rome, June 28

Signor Giovanni Spadolini, Secretary of the small Republican Party, today formed Italy's first government not to be headed by a Christian Democrat for over 35 years.

It is a five-party coalition, dedicated to dealing with what he calls the four emergencies: Inflation, terrorism, scandals in public life and the worsening international situation.

Signor Spadolini's alliance of Christian Democrats, Socialists, Social Democrats, Republicans and Liberals replaces after 33 days—a relatively short interregnum by Italian standards—the Government of Signor Arnaldo Forlani, overwhelmed by the affair of the Masonic group P2.

The P2 affair, coming after a series of scandals, has given rise to numerous calls from the public for a new way of governing. The novelty, however, lies more in the way Signor Spadolini has put his government together, than in its composition.

The structure of the new coalition is basically the same, except that the Liberals as new members of the coalition have been given one Ministry, Health, displacing a Socialist. The Christian Democrats have 15 ministers instead of 14, to compensate for losing the Prime Minister. The number of Socialist and Social Democratic ministers is as before, while the Republicans have retained only one minister, Signor Giorgio La Malfa at the Budget.

Two of the more successful ministers from the last government have been dropped, Signor Filippo Maria Pandolfi (Christian Democrat) at Industry, and Signor Franco Reviglio (Socialist) at Finance. Both were victims of internal party bickerings over lists of candidates to submit to Senator Spadolini.

The new Prime Minister's first engagement was to explore the prospects of reducing labour costs as part of the campaign against inflation, in a meeting tonight with employers and trade unionists.

Profile, page 5.

Reagan triumph routs Democrats

From Patrick Brogan, Washington, June 28

The Democratic leadership in Congress has collapsed and President Reagan now controls the American government more firmly than any President since the great days of Lyndon Johnson. He is using his power to reverse the social and financial policies built into government by Johnson and earlier, by Franklin Roosevelt.

On Friday evening the House of Representatives, which is nominally controlled by the Democrats, voted by 217 to 211 to approve a Republican "Reconciliation Bill". It was the most important victory President Reagan has obtained. It was a procedural device discovered by Mr Dan Rostenkowski, director of the budget, by which, instead of voting on each of the individual components of the federal budget, Congress approved one omnibus Bill, with hundreds of disparate items, cutting spending by \$38,200m (about £19,000m).

This is only about 5 per cent of the budget, but the cuts will add up to \$100,000m in three years and much more important, will stop the growth of federal spending in many areas. The Reconciliation Bill cut "entitlement programmes," or slowed their growth. These are programmes that grow automatically under earlier legislation, without Congressional interference: under entitlement legislation passed years ago, for instance, the cost of the food stamp programme is now more than 10 times what it was originally intended to be.

All that will now stop, and Mr Reagan and Mr Stockman are now confident that the budget will be balanced by 1984. That, of course, is the year of the next presidential election and Mr Reagan, or his chosen heir, can run on a platform of fiscal responsibility and success. Mr Reagan will now, obviously, get his tax cut. He wants to reduce personal taxes across the board by 5 per cent on October 1 and 10 per cent in each of the next two years. The Democrats are no longer capable of stopping him.

President Reagan won this latest victory with the help of

29 Democrats who voted against their party. He lost two Republicans in the vote.

The defections are mostly from the South, the largest contingent coming from Texas. It is a re-creation of the old alliance between conservative Republicans and "Disincrusts" (Southern Democrats) that ran Congress most of the time from the Civil War until the New Deal, and reappeared after the last war.

The liberals are in precipitate retreat. Mr Thomas O'Neill, Speaker of the House, has never recovered his authority over the new Congress. Losing a score of Democrats in the election, and then under assault from Mr Stockman, he took a long holiday, golfing in Australia instead of preparing the troops for battle. He now has to deny almost daily reports that he will not run for reelection next year.

The President's success is also a personal one. He has spent more time on the telephone to members of Congress than any of his predecessors, except Johnson, calling those essential Democrats half a dozen times each.

The President put all his authority, reputation and popularity into winning these economic battles, because presidents always run out of steam as their terms advance and congressmen, looking towards the next election, become less amenable to persuasion.

The federal budget will continue to expand, with inflation, but at a much slower rate, despite the huge increase in defence expenditure. Taxes will come down, and if there is any truth in supply-side economics, it will now be demonstrated.

Los Angeles: "It was a victory for our economic programme, a victory for bipartisanship between Republicans and Democrats in the House, but above all a personal victory for President Reagan," declared Mr Edwin Meese, chief counsellor to President Reagan (Nicholas Ashford writes).

One commentator added: "Reaganism about to become a part of life."

Unions face choice of pay rises or jobs, says CBI

By Peter Hill, Industrial Editor

Britain's employers are seeking to cut pay settlements to at least half the present rate in the new round of negotiations, beginning in August. Settlements currently average 8 per cent.

The Confederation of British Industry, which is orchestrating a campaign for substantially lower pay settlements in tandem with the Chancellor of the Exchequer, yesterday warned trade unions that they faced a stark choice next year between more pay and more jobs.

Sir Terence Beckett, Director-General of the CBI, said: "One man's pay increase is another man's place in the dole queue this year. British industry has done virtually nothing to improve its labour cost competitiveness in recent months. We have to get settlements down

very substantially beyond the 8 per cent of the present round."

CBI leaders have discussed their approach to the problem over the past few weeks with Sir Geoffrey Howe, the Chancellor, and other ministers.

They appear to have indicated their broad agreement with the CBI's analysis that unless pay increases are cut substantially, inflation will surge ahead, unemployment will rise beyond three and a half million within two years, and industry's competitiveness will be blunted still further.

The employers' organisation is carefully avoiding any reference to the setting of a pay norm or suggesting precise percentage targets. It is also dismissing the idea of a going rate and, indeed, argues that many companies will be unable to afford to pay any increases at all.

Continued on back page, col 1

West Indian mother blames the do-gooders

By Frances Gibb

A West Indian mother of five attacked the "soft, do-good" attitude of teachers and welfare workers yesterday for the failure of West Indian children to do well at school. She claimed the attitudes were a root cause of the Brixton riots.

Mrs Stella Best, aged 49, of Tottenham, North London, said teachers were constantly saying how well West Indians were doing at school and that they were "above average" and "would go far."

"When they say they'll go far, I now know they mean to Brixton Prison," she said cynically. "Take my eldest child. They were always saying she was 'just less than A-minous'. Well, I would put her at about C-minus. My boy is supposed to be very bright. Yet he comes home not understanding simple fractions. He hasn't dared to say he doesn't understand because he is supposed to be so bright."

Parents were constantly misled by teachers over-praising their children in such meaningless ways, she said. The mother never stops to ask if the teacher is telling the truth and if the child actually needs a bit of attention. She just assumes he can do better, because teachers said so, and nags him to work more.

Mrs Best, who works as a packer with English Abrasives Ltd, said she was prompted by the Brixton inquiry and the



Mrs Best: Parents and teachers to blame.

recent report on West Indian children in schools, to write to The Times (letters, June 27) "because it is the most influential paper and I wanted to get my views across to the academy."

After seeing her four girls, aged 19 to 25, through the state system (her youngest, an 11-year-old boy, Ovid, is still at primary school) and trying to choose the schools with the best discipline, she believes teachers are much trouble in spare for when the children leave. "Parents suddenly get a big shock when they discover their children are not even sitting CSEs—but it's a bit late by then."

Parents have been encouraged to have high ideals for their children who turn out not able to get a job. Mrs Best said yesterday. Unemployment did not help; but it was not the whole trouble in spare for when they touch a factory job—they feel they can do something better, and they drift out on to the streets with no money.

Continued on back page, col 6

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Yorkshire miners act to swing vote to Benn

From Paul Roudledge, Labour Editor, Barnsley

The militant Yorkshire miners are taking steps to swing the crucial 244,000 block vote of the National Union of Mineworkers behind Mr Wedgwood Benn in the Labour Party deputy leadership election.

They have drawn up an emergency motion supporting the left candidate in the leadership battle for consideration at the NUM policymaking conference in Jersey next week. It calls on the 350 delegates to back a team of Mr Michael Foot as leader with Mr Benn as his deputy.

Mr Arthur Scargill, left-wing president of the Yorkshire miners, predicted last night there was a very good chance that the NUM conference would back the Benn candidature for the election being held on September 27 under the new electoral college arrangement that gives a big say to the unions.

Yorkshire miners originally put forward their proposal as an amendment to an existing motion on acceptance of the electoral college division of votes determined at the party's special conference in Wembley in January.

But it was ruled out of order by Mr Joseph Gormley, union president, on the ground that it did not relate strictly to the content of the motion to which it was attached. What is less well known is he also indicated that that would be a proper subject for an emergency motion.

Left wingers preparing to take that course of action believe they can secure the simple majority required for Mr Benn. They cite a shift in the attitude of the Midlands region as supporting evidence. The Midlands area council of the union has decided to back Mr Michael Foot, Communist president of the Scottish miners, as the union's nominee for the TUC General Council in 1982.

That development should give Mr McGahey a marginal majority over his moderate rival, Mr Raymond Chubb, president of the Nottinghamshire miners. There was a dead heat when the two men stood last year, and deadlock was broken when Mr Gormley used his casting vote for the moderate, who is due to take a seat on the TUC council in September but for a term that could last only a year.

Mr Benn's supporters see that development and other moves as evidence of a shift towards the left in the months before the election for a national president of the NUM to succeed Mr Gormley.

Mr Scargill, the left-wing standard bearer in that election, said last night: "It would be unthinkable if the NUM were not given an opportunity to debate the issue and decide who to support. If there is any manipulation at the conference it would be regarded as a betrayal of the democratic structure of the union."

The 244,000 block vote of the Union of Construction, Allied Trades and Technicians, the biggest building workers' union, seemed almost certain to go to Mr Benn after last week's backing by the union's three top candidates for a proposal to nominate him as deputy leader (our Labour Staff writes).

The communists on the executive were pivotal in the decision when they voted for a proposal by their executive colleague, Mr Charles Kelly, a left-wing member of the Labour Parliamentary executive, to nominate Mr Benn.

The executive decision was said last night to be binding under rule on the executive members themselves, although not on the 26 non-executive members of the union's delegation to the Labour Party conference.

However, the delegation is thought to be evenly balanced

SDP quick to begin Warrington campaign

From John Chartres, Warrington

Within 24 hours of the writ being issued, the three main contenders in the Warrington by-election were getting their campaigns into full swing on Saturday.

Although Labour's choice of July 16, the earliest possible date, as polling day may be construed as an attempt to catch the social democrats off balance, they have obviously reacted quickly to the challenge.

Mr Roy Jenkins, the SDP candidate, has been in Warrington since the middle of last week, and 50 party workers were delivering 22,500 copies of a letter from him to homes yesterday.

The letter said the most serious local issue was another increase in unemployment, bringing the jobless total in the constituency to 8,737.

The Labour candidate, Mr Douglas Hoyle, former MP for Nelson and Colne, and the Conservative candidate, Mr Stanley Sorrell, a London bus driver, were also in action on Saturday in Warrington's bustling shopping centre.

Mr Jenkins was supported by 20 Liberal Party officers and councillors from Merseyside, mobilized by Mr David Alton, Liberal MP for Liverpool Edge Hill, as part of the Liberal/SDP pact.

Mr Jenkins and Mr John Roper, the MP for Farnworth who left Labour to join the social democrats, said yesterday they were pleased at their reception in Warrington.

"Everyone was very nice and I can only think of one chap who said 'a little rude'," Mr Jenkins said. "I think this is a most interesting constituency and it obviously contains a lot of very nice people."

The social democrats are holding a press conference this morning and they expect to have accumulated up to 100 British and international representatives of the media at such conferences by early next week. All the original members of the "gang of four" are expected to campaign.

Labour and Conservative Party press conferences begin tomorrow but the Conservatives intend to arrange a welcoming ceremony to Mr Sorrell this evening.

Campaign cars adorned with balloons and posters could be seen in preparation in side streets yesterday, many bearing the chevron signs of Warrington's multi-industry and multi-national character.

They included imitations of the international car stickers which proclaim either GWT (meaning Greenall Whitley Land) or VSSR (Varrington State of the Soviet Republic), both the work of the advertising agency representing one of the town's main industries, that of brewing beer and making vodka.

Nominations close on July 6 and a dozen fringe parties have said they intend to apply for papers.

Some spouse such causes as "anti-marriage" and "Citizens' Band Radio"; their presence in such numbers could delay the declaration of the count until early next day.



Steven Adby as Henry VIII riding in the state barge past Windsor Castle during rehearsals yesterday for Thames Heritage, a pageant portraying the river's history to be held at Eton from July 8 to 11.

Science report Pinpointing those elusive quasars

By the Staff of Nature

Quasars are brilliant star-like objects that give out more light than a whole galaxy of stars—and since they were discovered in 1964 controversy has raged over precisely where they are in space—near, or very far? Sometimes one camp, then the other, seemed to be winning; but now an important new argument has been advanced that destroys one major prop of the view that quasars are close.

It all depends on the gravitational bending of light, first predicted by Einstein's general theory of relativity. Gravity ever so slightly bends the path of light from a straight line. The deviation is usually undetectable, but when light from one star grazes past another on its way to the Earth there is a bending large enough to be detected by Earth-bound instruments. Usually the second star is the Sun, and the measurements are made at eclipse—or by radio astronomy.

In the new argument, by Claude R. Canizares, of the Massachusetts Institute of Technology, one star is a distant quasar and the second a dim star in the faint halo of stars that surrounds most galaxies.

Such a dim star exactly between us and a quasar would not only bend the quasar's light ever so slightly but also focus it towards us—increasing the apparent brightness of the quasar.

That would mean that astronomers would see it more easily; so, in any list of quasars, one would expect to see a tendency of quasars to be near galaxies, where they would be enhanced by gravitational focusing.

Now there is indeed a slight tendency for quasars to be seen near galaxies; and before the new argument this led to some astronomers arguing that the galaxies and the quasars were in fact physically associated. But since the galaxies were usually much closer than the quasars, the gravitational focusing would be negligible. This was attractive for some astronomers, as Fred Hoyle and Geoffrey Burbidge—who sought unconventional physics in the brilliance of the quasars.

However, following Canizares, the tendency for quasars to be near galaxies is merely an appearance. And delightfully, there can be a simple observational test of his assumption: Stars move in their orbits around galaxies. The quasars, far away, appear to be static. Over a decade or so, apparent positions of quasars should shift, as the star which focuses their light moves out of line. So by the end of the century, say, we should know whether Canizares is right.

Source: *Nature* vol 291, p 620 (June 25, 1981).

Move to curb Whitehall pensions

By George Clark, Political Correspondent

A scheme for legislation to end the index-linking of Civil Service pensions, which will cost about £5,000m a year after this year's upgrading, is to be put to Sir Geoffrey Howe, Chancellor of the Exchequer, by Sir William Clark, MP for Croydon, South.

Sir William, chairman of the Conservative backbenchers' finance committee, says there is strong support on the back benches for a change. Last year the upgrading to take account of inflation added £367m to the pensions bill, and Sir William estimates that it will be about £250m this November, allowing for a 1½ to 12 per cent inflation rate.

"We know that the Government wants to reduce public spending, yet here is an item which goes up year by year which no one can do anything about without a change in the law," he said.

When index-linking was introduced in 1971 inflation was at only 3 or 4 per cent, which meant increases roughly in line with private sector pensions. Now, however, there was hardly any rise in the private sector who could match the Government's increases, Sir William said. The increase there was still only 2 to 4 per cent.

If the pensions of existing Civil Service pensioners go up by 11 to 12 per cent in November, it will be regarded as being quite unfair, and it involves a huge cost to the taxpayer.

"It is ridiculous to endeavour to immunize all civil servants from the economic recession."

He also thought the new scheme should include a maximum increase in any year, perhaps 6 or 7 per cent.

Closed shop reforms still under review

By Donald Macintyre, Labour Reporter

Ministers are considering a ban on "union labour only" contracts and an increase in maximum compensation at industrial tribunals among proposals for reforming the closed shop.

With most submissions to the Government's review of Labour policy now with the Department of Employment, ministers have asked for detailed work on several possible closed shop reforms which could be unveiled before the end of October.

The Prime Minister made it clear in the Commons last week that in the next parliamentary session legislation which could include measures on the closed shop was well on the cards.

Mr James Prior, Secretary of State for Employment, is believed to be reconciled to the belief that legislation is necessary to remedy what ministers see as identifiable closed shop abuses.

Among the options is an increase in the compensation at industrial tribunals to allow for punitive redress for employees dismissed because they do not belong to a union.

Ministers are also seeking advice on the best method of eliminating clauses in contracts and tenders, for example those made with some local authorities, which insist that the supplier or contractor must employ union labour.

The formal closing date for submissions to the Government is not until tomorrow, and ministers and officials have reached no final conclusions about the form closed shop reforms should take. Mr Prior is believed to be concerned that any amendments to the Employment Act 1980 should be consistent with his step by step approach to labour law reform.

The Institute of Personnel Management said in evidence published yesterday that it did not believe any big legislative change should be made now. It urged what it called a softly softly approach to industrial relations law.

TUC plans overtime action

From David Felton, Labour Reporter, St Andrews

The TUC is close to agreeing a new policy based on legislation to reduce high levels of overtime in British industry.

Union leaders are embarrassed at the amount of overtime worked by their members while there are 2.6 million people unemployed. The TUC's industrial economic committee is soon to receive a report from Congress House staff outlining the form that legislation could take.

If the plan is approved, which seems likely, it would be discussed in the Labour Party TUC Liaison Committee in the hope that it would be included in the party's next election manifesto.

Woman rabbis ordained

Two women were ordained rabbis yesterday in a ceremony in the Jewish community.

Barbara Borts and Sybil Sheridan, both in their late 20s, were ordained at a service at West London Reform Synagogue.

The ceremony was held at the Reform and Liberal Synagogues but not at orthodox synagogues.

Rabbi Hugo Gryn, who conducted the service, said: "Reform and liberal Jews follow the principle of equality of the sexes and we hope it will now become a routine thing for women to become rabbis."

"But I do not see women rabbis ever being permitted in orthodox synagogues. If they would no longer be orthodox because they have modified their traditions and so by definition they cannot do it."

Both women already have two children. Rabbi Jacqueline Tabick, who works at a west London synagogue, is married. Rabbi Julia Neuberger, minister at Streatsman Liberal Synagogue.

Both Rabbi Borts and Rabbi Sheridan, who is due to marry a reform rabbi next month, have spent the past five years studying at the Leo Baeck College, a postgraduate college in London which trains students for the ministry.

NCCL chief is Labour candidate

By Our Political Staff

Mr Bruce George, Labour MP for Walsall, South, who had a majority of 1,558 over the Conservative candidate at the last general election, was re-elected by 28 votes to two on Saturday.

Mr Julius Silverman, aged 75, was re-elected without opposition at Birmingham, Edingdon, which he has represented for Labour since 1974. He was MP for Birmingham, Aston, from 1955 to 1974. His majority in May, 1979, was 680.

A meeting of the Edingdon constituency management committee on Saturday decided on a short list of one, Mr Silverman.

Miss Patricia Hewitt, general secretary of the National Council for Civil Liberties, has been chosen as Labour candidate for Leicester, East. The present MP, Mr Tom Bradley, formerly a member of the Labour Party, has joined the social democrats. He has not said if he will contest the constituency.

Miss Hewitt, aged 32, came to Britain from Australia in 1967 and supervised several campaigns for Age Concern before she joined the NCCL in 1973.

She was chosen from a short list of six.

Reactor safety doubts raised by scientists

By Pearce Wright, Science Editor

Two leading scientists with long experience of the development of nuclear reactors have raised fundamental questions about the safety of the new type of atomic power stations the Government intends to build.

The two views come from Sir Alan Cottrell, a former chief scientific adviser to the Government and senior metallurgist to the United Kingdom Atomic Energy Authority, and from Dr Harold Agnew, former director of the Los Alamos Scientific Laboratory and president of the General Atomic Company.

Sir Alan suggests that inspection techniques for detecting cracks in metal are not sensitive enough to ensure safety levels acceptable in the United Kingdom for the operation of the American-designed pressurised water reactor (PWR).

Present methods of crack detection, he says, are inadequate for faults in the thick steel that contains the pressure vessel that contains the core of nuclear fuel of a PWR.

Sir Alan believes it is necessary to detect cracks as small as 1 in. In practice, flaws of up to 1 in. long may go undetected if they lie deep within the steel wall.

These observations come in a book published today, *How Safe is Nuclear Energy?*, in which Sir Alan is otherwise reassuring.

Embassy doctors blamed

By a Staff Reporter

Embassy doctors who have not done their homework are partly responsible for complaints by Arab countries that they are being overcharged for private medical treatment in London, Dr Stanley Balfour-Lynn, chief executive of American Medical International (Europe), which runs five private hospitals in England, said yesterday.

The embassy doctor had the same abilities to stop overcharging as the ordinary general practitioner, by choosing specialists with care, checking that unnecessary procedures are not carried out and by refusing to pay bills if they are excessive.

Dr Balfour-Lynn said: "They have the remedy in their own hands."

Farming After the deluge, the fungus disease

By Hugh Clayton, Agriculture Correspondent

Many farmers are facing serious attacks by fungus diseases on their grain. But most reports from farmers in the first crop survey compiled by the Ministry of Agriculture have been a strong recovery from the exceptionally heavy mows of late April and the floods of early May.

A Cambridge contributor writes: "This year will be remembered as the year of fungus diseases and, because of the wet, well-nigh impossible to treat." Near Luton "disease is widespread and the sprayer is on the go almost daily."

The reports, which are received from farmers throughout Great Britain, show that winter-sown grain has survived the harsh weather of April and May much better than that sown in the spring. A Norfolk grower reports without exception, near perfect crops of wheat, while on a Bedfordshire farm, rust is very widespread in some wheat varieties.

Almost every persistent fungus disease of cereals is reported by contributors, especially by those who grow spring-sown barley. They include yellow rust, brown rust, barley yellow dwarf virus, leaf spot and leaf blotch. All of them weaken plants and can reduce yields.

A farmer in north Cornwall says disease in his winter-sown barley seems to be more and more difficult to control, while

suggests that, despite disease, waterlogging and problems with weeds there is no widespread concern yet about harvest results. A Cheshire farmer writes that very high interest rates are giving more trouble than all the pests put together, and are considerably harder to deal with.

A Lancashire farmer concludes an account of constant wet conditions by saying: "This is the worst report I have ever sent you, but we keep hoping for better weather."

In the following table a rating of 100 indicates healthy condition, full growth and freedom from injury.

W is wheat, B barley, O oats, P potatoes, S sugarbeet, and G grass.

Division 1 W B O P S G

Bedfordshire 87 81 80 80 83 83

Cambridge 88 84 80 82 82 88

Cheshire 84 84 84 84 84 84

Derbyshire 84 84 84 84 84 84

Gloucestershire 84 84 84 84 84 84

Herefordshire 84 84 84 84 84 84

Lincolnshire 84 84 84 84 84 84

Norfolk 84 84 84 84 84 84

Suffolk 84 84 84 84 84 84

Averages 84 84 84 84 84 84

Division 2 W B O P S G

Berkshire 84 84 84 84 84 84

Devon 84 84 84 84 84 84

Durham 84 84 84 84 84 84

Gloucestershire 84 84 84 84 84 84

Herefordshire 84 84 84 84 84 84

Leicestershire 84 84 84 84 84 84

Northamptonshire 84 84 84 84 84 84

Nottinghamshire 84 84 84 84 84 84

Oxford 84 84 84 84 84 84

Sussex 84 84 84 84 84 84

Warwick 84 84 84 84 84 84

Averages 84 84 84 84 84 84

Division 3 W B O P S G

Cambridgeshire 84 84 84 84 84 84

Devon 84 84 84 84 84 84

Gloucestershire 84 84 84 84 84 84

Herefordshire 84 84 84 84 84 84

Leicestershire 84 84 84 84 84 84

Northamptonshire 84 84 84 84 84 84

Nottinghamshire 84 84 84 84 84 84

Oxford 84 84 84 84 84 84

Sussex 84 84 84 84 84 84

Warwick 84 84 84 84 84 84

Averages 84 84 84 84 84 84

Division 4 W B O P S G

Cheshire 84 84 84 84 84 84

Derbyshire 84 84 84 84 84 84

Durham 84 84 84 84 84 84

Gloucestershire 84 84 84 84 84 84

Herefordshire 84 84 84 84 84 84

Leicestershire 84 84 84 84 84 84

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Averages 84 84 84 84 84 84

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Great Britain 84 84 84 84 84 84

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Division 5 W B O P S G

Cheshire 84 84 84 84 84 84

Derbyshire 84 84 84 84 84 84

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Averages 84 84 84 84 84 84

Division 6 W B O P S G

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Averages 84 84 84 84 84 84

England 84 84 84 84 84 84

Scotland 84 84 84 84 84 84

Wales 84 84 84 84 84 84

Great Britain 84 84 84 84 84 84

Averages 84 84 84 84 84 84

Division 7 W B O P S G

Cheshire 84 84 84 84 84 84

Derbyshire 84 84 84 84 84 84

Durham 84 84 84 84 84 84

Gloucestershire 84 84 84 84 84 84

Herefordshire 84 84 84 84 84 84

Leicestershire 84 84 84 84 84 84

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Fight for Arab votes in Israeli campaign

From Christopher Walker
Jerusalem, June 28

With a close finish forecast between the two main parties in Tuesday's general election, more than usual significance will be attached to the voting preferences of the 240,000 Israeli Arabs who are entitled to take part. They comprise about 10 per cent of the electorate.

Although there has been a marked increase in Palestinian nationalism among the Israeli Arabs since the country last went to the polls in 1977, more than half of them are expected to vote. At the last election, 72 per cent of the Arabs voted, compared with 92 per cent in 1977. The Arab vote is expected to be split between the Likud and the PLO, the Palestinian Liberation Organization (PLO) demand abstention as a sign of protest against the creation of a "Zionist state".

For the first time this year, some residents of the territories occupied by Israel in 1967 will be entitled to vote. Those concerned are several hundred Druse residents of the Golan Heights, former Syrian citizens who in recent months have defied opinion in their community to take up the Government's offer of Israeli identity cards.

In Israel proper, 78 per cent of the Arab voters are Muslims, 14 per cent Christians and 8 per cent Druse. Rivalries have led to violence and the setting up of four separate independent Arab lists. The Arabs are expected to cast most votes for Likud, the Israeli Communist party.

Under the Israeli system of proportional representation, each party puts forward a list of candidates. When the votes have been cast, each party with more than one per cent of the total is allocated seats roughly in proportion to the number of votes cast for it.

In the last election, the Communists returned five MPs. This time Likud will be competing against the growing calls for abstention from radical Arab parties.

As well as the separate lists, the main Israeli parties try to secure Arab votes by including at least one of their number in high position. Four years ago, about 11,000 Arabs voted Labour, compared with 3,000 for the Likud coalition of Mr Menachem Begin, the Prime Minister.

Likud's strongest appeal is among the Druse, one of whom, Mr Amar Nasir al-Din has been placed thirty-third on the party's list, which is almost certain to ensure him a Knesset seat.

The Labour Party has placed two Arabs in a good position on its list, rather than follow its former practice of sponsoring separate Arab lists which were affiliated to the party. Mr Renan Cohen, director of Labour's Arab department, said: "Most Arabs today are young people, and if you ask them what they want, they say that they want integration, not to be alone. They want to be together."

Another predominantly Jewish party expected to attract a respectable Arab following is the right-wing Gahal party, headed by Mr Moshe Dayan, the former foreign minister who has been campaigning heavily on his record of personal relations with Arabs.

While Arabs play an important role, the prospect of another Israeli general election appears only a distant possibility. The frustration of the 1.2 million Palestinians in the West Bank and Gaza Strip, who have no voting rights.

Leading article, page 13.

POPE PRAYS FOR LEBANON

Rome, June 28—The Pope, his voice sounding weak and slightly hoarse, made an emotional appeal from his sickbed today for peace in Lebanon and for the freedom of the besieged town of Zahir.

In a tape-recorded address to listeners in St Peter's Square, he thanked all who had sent him messages during his illness.

Reverend.

Advertisement

Thousands Find Clearer Hearing!

Literally thousands of people who are not deaf but who strain to hear clearly at times have regained clear, sharp hearing without the use of a hearing aid.

A new kind of hearing aid, available from a company called "Golden Hearing", who specialise in the world's latest hearing devices, Sheila Ingram, the Marketing Director of this company says: "People with a slight hearing problem just don't need traditional hearing aids. Modern science has given us the right to clear hearing in a completely inconspicuous form and the public should know about it. If you, like so many people today, have found it difficult to understand everything you hear, especially in noisy places, you should telephone or call in the coupon on Page 4 for full details of a helpful book called 'A Simple Way to Better Hearing'. It will be sent to you by return of post, without cost. We also run a special plan for pensioners!"

Gaddafi victory over venue for OAU meeting

From Michael Knipe, Nairobi, June 28

Heads of government of the Organization of African Unity ended four days of often angry and bitter deliberations at 4 am here today, during which they committed themselves firmly to meet next year in Tripoli.

This decision is seen as a triumph for the power and influence of Colonel Gaddafi, the Libyan leader, whose offer to host the 1982 summit was accepted over the intense and outspoken objections of several member states.

The presidents of Egypt, Gabon, Ghana and Sudan accused Libya of gross interference in the affairs of member states and of behaviour inimical to the OAU charter.

Until the last moment, delegates opposed to the Libyan offer expressed confidence that their objections would win the day and an alternative venue would be selected.

However, Mr Edeem Kodjo, the organization's Togolese Secretary-General, told a press conference at the summit's conclusion that, in the final analysis, although certain states had expressed disapproval and some said reservations, there was a majority in favour of Tripoli.

In a resolution on sporting links with South Africa, the African leaders called on the New Zealand Government to take whatever steps were necessary to cancel the coming tour by the South African rugby team and called for the exclusion of New Zealand nationals from all international sporting events if the tour takes place.

In the event of it going ahead, the OAU called for the change of venue or cancellation of the approaching Commonwealth finance ministers meeting scheduled to be held in Wellington and for the exclusion of New Zealand from next year's Commonwealth Games.

On the question of the venue

for the next summit, a significant factor in Libya's favour was that it is one of the few members rich enough to pay for the meeting. Another factor, according to conference sources, was the hope that the role might inspire more responsibility in Colonel Gaddafi and cause him to call a halt to the interventionist practices he is widely believed to engage in.

Nigeria stopped short of opposing Libya's candidacy. Dr Ishaya Audi, the Foreign Minister, said last week that there was no reason why Libya should not host the summit, but it would have to give a firm undertaking to pull its forces out of Chad, where there is civil war. A number of states take this view and hope a carrot rather than a stick will tame some of Colonel Gaddafi's more radical passions. The biggest success

The biggest success of the eighteenth summit is considered to be the agreement by King Hassan of Morocco to a referendum in the disputed Western Sahara. A committee is to work out the steps required to bring about a truce and a referendum, which should be supervised by the OAU and the United Nations.

On Chad, the African leaders are pressing ahead with efforts to mount an OAU peace-keeping force consisting of troops from Benin, Congo and Guinea, but have yet to find the money to do so.

The OAU passed resolutions indicating "unanimity" on independence for Namibia (South-West Africa) and the fight against apartheid in South Africa. It condemned Israeli aggression in the Middle East, expressed support for the Palestine Liberation Organization and adopted a proposal for a human and people's rights convention for Africa.



Mrs Gandhi greets Mr Huang, the first meeting for 21 years in India between a Chinese leader and Indian Premier.

China and India approach accord on border issue

From Trevor Ffrench, Delhi, June 28

China and India will start talks in Peking in September in another attempt to settle their long-standing disagreement over 2,500 miles of shared border.

It emerged today, after three days of talks between Mr Huang Hua, China's Foreign Minister and Indian leaders, that the border question is to be set on one side while both countries work towards a better relationship.

They feel that concentrating the positive aspects of their relationship will help in reaching a solution, but the disagreement led to war in 1962 and an icy relationship for 15 years thereafter, so a satisfactory outcome will be a significant achievement. Both sides view the talks in Delhi as an important step towards rapprochement.

To emphasize the warmer atmosphere, the Chinese have invited Mrs Indira Gandhi, the Indian Prime Minister, to visit Peking and she accepted, said Mr Huang, who had talks

with Mr Narasimha Rao, the Indian Foreign Minister, and with Mrs Gandhi, did not come to discuss specific proposals about the border. His visit was about the border. His visit was about the border.

Alghem Crisis: Asked about China's views on a South-East Asian initiative, with EEC backing, for an international conference on Afghanistan, he said he had not had time to study the proposal (Reuters reports). But he had mentioned in the British House of Commons in Peking that the key to settlement of the Afghan question lies in the total withdrawal of Soviet aggressive troops.

Mr Huang indicated that the Dalai Lama, the exiled religious leader, was welcome to return to Tibet.

Brandt to test Russian mood on arms reduction

From Patricia Clough, Bonn, June 28

Here Willy Brandt, chairman of the Social Democrat Party, leaves tomorrow for talks on missiles and arms control with Soviet leaders in Moscow, while at home his party is more divided on the issues than ever.

For his part, Herr Brandt will want to know the Soviet Union's attitude towards the negotiations with the United States which are supposed to start before the end of the year.

With the anti-missile movement in West Germany growing stronger every day, the Social Democrat-Free Democrat Government has, Herr Brandt said today, a vital interest in serious negotiations starting as soon as possible.

He added that the aim, if at all possible, would be to reach an agreement in which there was no need to deploy Nato's new Pershing 2 and cruise missiles at all.

The Russians believe the Americans do not seriously want to negotiate on reducing the number of missiles in Europe and that they might be obliged to increase their own nuclear armory.

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Bolivia exiles coup plot generals

La Paz, June 28—Army leaders arrested yesterday after an unsuccessful military coup in Bolivia were exiled to Argentina today.

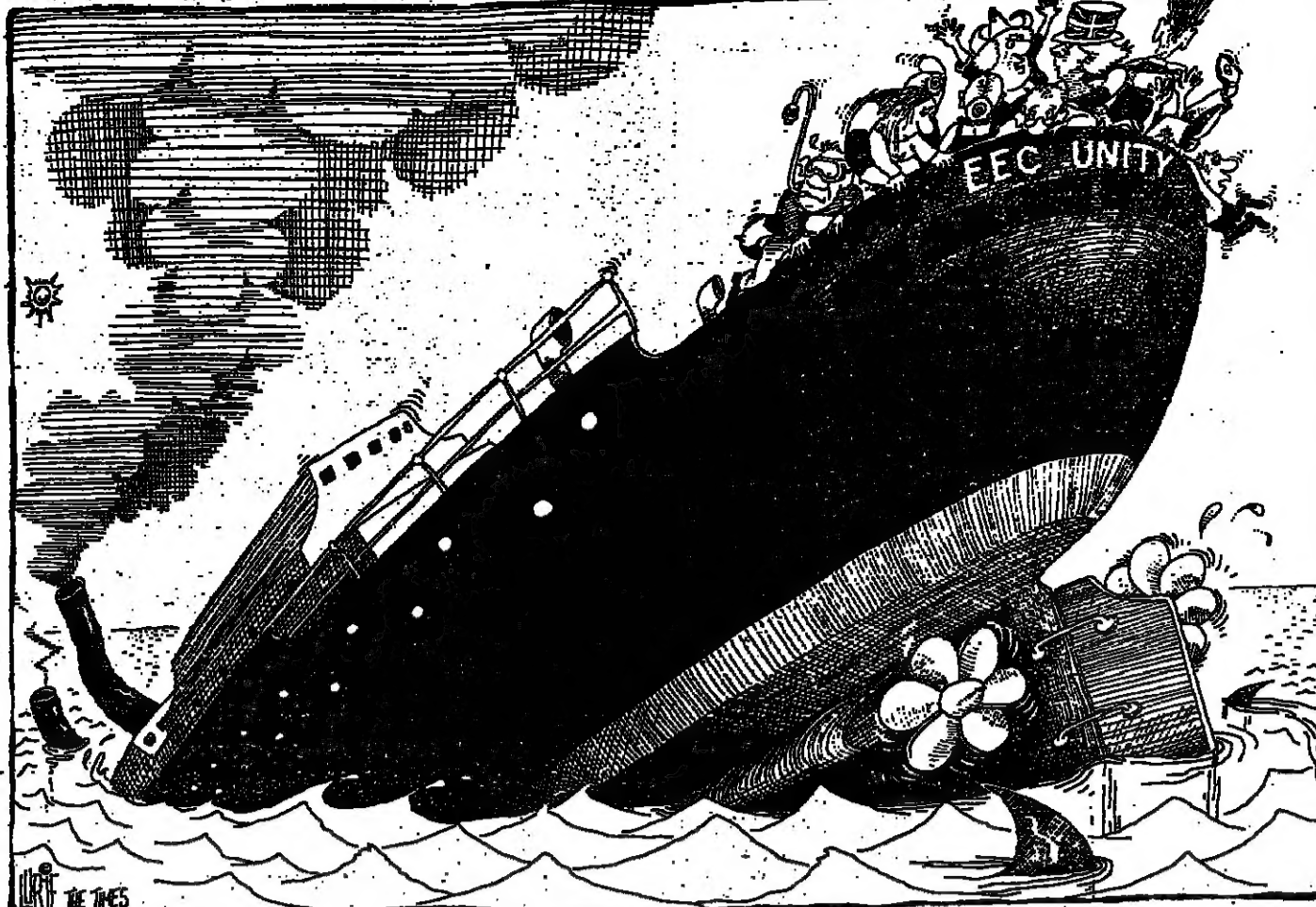
General Humberto Cayoña Ribero, General Lucio Anéz, General Raúl Ramallo and General Simón Gajardo left in a Bolivian Air Force aircraft.

General Cayoña, the army commander, and General Anéz, army chief of staff, were the leaders of the third attempt to topple the Government of President Luis García Méza.

Not a shot was fired as the plotters gave up efforts to capture the presidential palace and government buildings after the arrest of the generals.

The President later appointed General Celso Torrealba and General Carlos Izquierdo as army commander and army chief of staff respectively to replace the two generals accused of leading the coup attempt.

General Torrealba has been Interior Minister until now and General Izquierdo was Seventh Army Division Commander in Cochabamba in central Bolivia.



The Summit

Thatcher begins drive on EEC budget reform

From Michael Hornsby, Brussels, June 28

Mrs Margaret Thatcher and Lord Carrington, the Foreign Secretary, fly to Luxembourg tomorrow for a two-day summit meeting with their EEC partners that will include preliminary discussion of the proposed far-reaching reform of the Community's budget system.

The 10 leaders, including for the first time President Mitterrand, are also expected to launch publicly a proposal for an international conference on Afghanistan, which was endorsed by their foreign ministers last week, and to discuss a request from Poland for aid up to \$500m (£250m).

Mrs Thatcher and her colleagues are also likely to indicate support for the establishment of an energy affiliate of the World Bank to help developing Third World energy resources. This will help the EEC to prepare its strategy for the Mexico summit on North-South relations.

In addition, there will be the traditional review of the economic situation in the com-

munity. Here the main concern is likely to be the high level of American interest rates, and what members participating in next month's Ottawa economic summit should say about them to President Reagan.

Although any debate in depth on budget reform is ruled out, if only because President Mitterrand has said he is not yet ready for it, several leaders, including Herr Helmut Schmidt, the West German Chancellor, may want to make statements about their general approach to the issue.

Herr Schmidt is known to want an upper limit set on West Germany's net contribution to the budget, for which there is no provision in the Commission's proposal, and to be firmly opposed to any increase in the EEC's revenue-raising powers, a point of view which he shares with Mrs Thatcher.

They and their colleagues will, however, be mainly concerned at this stage with agreeing a timetable for work on the commission's proposal, which is

certain to be the main internal preoccupation of member states during Britain's tenure of the Community presidency which starts on July 1 and beyond.

Mr Gaston Thorn, the President of the Commission, has called for the creation of a select group of trusted individuals, chaired by a member, but including Commission officials, to coordinate work on the budget reforms and to report to an extraordinary session of EEC foreign ministers before the end of the year.

The EEC could then aim at the adoption of final decisions at its first summit meeting of 1982. Mr Thorn suggests. His ideas were set out in a letter sent to all heads of government last week.

He argues that because of the urgency and scale of the budget issue, special procedures are needed to speed up the usual decision-making processes.

It remains to be seen whether this approach will commend itself to Mrs Thatcher, who may

feel that it could dilute Britain's role as president in the direction of negotiations.

Hitherto, she and Lord Carrington have spoken of the November summit in London as being the one where the key decisions should be taken.

The Ten appear to be in a quandary over what to do next in the Middle East and are uncomfortable aware of having failed so far to match the expectations raised by their Venice declaration of last year.

This called for the Palestine Liberation Organization to be involved in the peace process and spoke of a forthcoming initiative by the EEC "facing the Ten" is whether to confine their diplomatic efforts to persuading the United States of the need to take more account of the Palestinian issue, or whether to attempt some independent move, possibly by seeking support for a new approach to the Middle East in the United Nations.

Robert Jackson, page 12
Unemployment warning, page 15

Marchais battles at party talks

From Our Own Correspondent
Paris, June 28

Discussion at the French Communist Party Central Committee meeting which ended on Saturday seems to have been heated.

This was inevitable when the only possible gain for the leadership could show for its changing policy in the past few months was the appointment of four Communist ministers in the new Government.

The exceptional length of discussions, so soon after the last meeting of the committee on June 23 to ratify the policy change (it would be more accurate to describe it as a capitulation) with the Socialists, and the recognition by M. Georges Marchais of the leadership's past errors, and of the party's "serious setbacks", prove that he had to fight hard to defend his position.

Mr Marchais is not out of trouble yet, even though his introductory report, true to past form, was adopted unanimously. Under the circumstances, the reference in L'Honneur, the party organ, to "rich and fruitful debates" is a euphemism.

Marchais explained his party's poor showing at the polls by the leadership's underestimation of the "presidential impact" of the voters.

That made them support the candidate most likely to win from the outset, in the first ballot. "Without a doubt, our party was able to accept the negative aspect of the election of the President of the Republic by direct universal suffrage," he admitted.

Mr Marchais said M. François Mitterrand and in his candidature in 1965 and 1974, instead of gutting up its own candidate, as it did in 1981, the party helped to strengthen the position of the opposition.

Mr Marchais said the party should cast a "useful" vote, in favour of the non-Communist candidate of the left.

Mr Marchais said the party should cast a "useful" vote, in favour of the non-Communist candidate of the left.

French minister quietens nationalization fears

From Charles Hazgrove, Paris, June 28

M. Jacques Delors, the Minister for Economic Affairs, went out of his way again this week to quieten fears of French industrialists and businessmen about the Socialist Government's nationalization plans.

In an interview on Radio Luxembourg yesterday he gave the assurance that there would be no "creeping nationalization" of the economy. The extension of the public sector was a means, not an end, of the new Government's industrial policy, and would be carried out "with great publicity and consultation".

After the new nationalization law would not exceed 16 per cent of national production, he said.

That was one of the main controversies between M. François Mitterrand and M. Georges Marchais in the television duel between the two rounds of the presidential elections.

The former President claimed that if the socialist leader were elected, 50 per cent of the industrial sector in France would be nationalized, and that would be a disaster.

Mr Delors is fully aware of the arguments. He said he would ensure nationalization did not exceed the 16 per cent because there was no "huge" "nationalization" between it and the Government's professed intention of decentralizing the Administration.

There would be no despoiling

of the shareholders. Shares would be bought on the basis of the evolution of prices, of the assets, the risk of depreciation, and the economic performance of the companies involved.

The minister also appealed to the wisdom and civic spirit of employers, calling on them to agree to an "economic third ballot" to the recent elections. "It is not by gambling on disaster that you will prevent François Mitterrand from being President for seven years," he emphasized.

He was ready to discuss this frankly with those employers who had legitimate fears about the Government's plans. "Everything is ready for the resumption of economic activity. There will be no sharp rise in prices, or unreasonable social measures in the autumn."

Invest, work, purchase machinery, and help us, with our pact for employment," he added. That referred to the policy inherited from the previous Government, which encouraged the employment of school-leavers in exchange for fiscal and other advantages.

In a warning more to the ideologists and doctrinaires of his own party and in the Government than to industrialists, he insisted that the financial rules of the game would not be changed.

He welcomed cooperation between private bankers, who recently made a gesture to help companies in difficulties, and the state.

Diamond digger gets rich

From Ray Kennedy
Johannesburg, June 28

The private diamond diggers of South Africa are a vanishing breed. Licences pass from father to son and if they are not taken up they lapse. There are not many sons today, who choose to follow the precarious existence of their fathers and grandfathers, digging and sorting in the hope of striking a fortune.

Mr Boes Sonnenberg, 40-year-old father of two, inherited his digger's licence from his father and for six years has been prospecting in the northern Cape Province.

He, too, was thinking of going back to a regular job in the mines when he turned up a flawless 148 carat Cape silver diamond estimated to be worth \$600,000.

Mr Sonnenberg will share his fortune with his two wealthy partners, Mr Martiens Uys and Mr Arrie Du Plessis who, he says, have kept him and his family "above the breadline" for the past six years.

After uncovering his find, Mr Sonnenberg ran excitedly round the other claims in the area showing it to the other 150 diggers there and as a result was late getting home. His wife was annoyed and had let his dinner grow cold. But she accepted his excuse for being late.

By-election challenge to Ian Smith

From Stephen Taylor
Salisbury, June 28

Voters in Mazoe-Mtoko, one of Zimbabwe's 20 white constituencies, go to the polls on Tuesday for the first electoral test of white attitudes since independence, and the ruling Zanu (PF) party believes that the by-election will show how whites are responding to Mr Robert Mugabe's reconciliation policy.

The by-election provided a direct challenge to the Republican Front of Mr Ian Smith, the former Prime Minister. His party, named the Rhodesian Front until earlier this month, has been the overwhelming voice of white political opinion in the country since 1962. In the independence elections it won all 20 of the white roll seats guaranteed by the Lancaster House constitution.

The arch-conservative—many say racist—views of the RF have come increasingly under fire since independence, from whites as well as blacks. Mr Andrew Holland, a Front MP, resigned the seat and membership of the party in April to form the Democratic Party, with a policy of co-operation with Mr Mugabe's government.

Having represented the constituency for some years, Mr Holland has a fair chance of recapturing it.

Moscow feels the heat

From Michael Binyon
Moscow, June 28

Moscow is experiencing a record heatwave, and as Moscow feels the heat, so do the cities elsewhere. Last week was the hottest in June since meteorological records began over 100 years ago.

Today, for the sixth day running, the temperature hovered around 30°C (86°F). On Tuesday it touched 33.6°C (93°F), the hottest June day since 1901. At midnight last night the temperature was still 26°C (78.8°F).

The heatwave is caused by a mass of hot air from Central Asia, sending up much of the Russian heat. This has brought temperatures of up to 29°C (84.2°F) to such towns as Archangel, that lie almost on the Arctic Circle. Even Yakutsk, one of the coldest inhabited cities in north-east Siberia, is experiencing temperatures of 32°C (90°F).

Forecasters predict a slight fall in temperature this week, followed again by near record temperatures.

Very hot weather usually lasts only a day or so in Moscow, but this year shops are almost sold out of lemons and soft drinks. Long queues have formed at ice-cream stalls, police and officials are in their shirtsleeves.

Those who have been able to escape have gone to their dachas in the surrounding countryside. On the beaches beside the Moscow River mounds of pink flesh rest in the scorching sun.

In recent years, Muscovites have complained that the extreme continental climate their capital used to enjoy has moderated because of urban sprawl and the building of reservoirs, but in the past two years records for both heat and cold have been touched or broken.

The present heatwave could lead to uncontrollable peat fires like those that burnt around Moscow seven years ago.

Peace pictures unsold

By Geraldine Norman, Sale Room Correspondent

Two versions of Edward Hicks's favourite pictorial composition, "The Peaceable Kingdom", failed to find buyers at the New York art sale on Friday. One was unsold at \$200,000 (estimate \$250,000 to \$300,000) and the other at \$75,000 (estimate \$100,000 to \$150,000).

In the early nineteenth century Hicks painted many slightly varying versions of this subject; in the distance Penn is seen making his treaty with the Indians, while in the foreground wild animals and a child lie down together in the "peaceable kingdom".

Both patriotic and highly attractive, these paintings are usually popular with Americans. One of Friday's offerings bears the earliest date recorded for a "peaceable kingdom", April 1826: it was a gift from Hicks to his cousin's wife.

The failure of these two paintings left Christie's sale 44 per

Bani-Sadr accused of having CIA links

From Tony Allaway
Tehran, June 28

The student militants who held American diplomats hostage in Tehran for 14 months returned from obscurity today to accuse Mr Abolhasan Bani-Sadr, the fugitive former President, of having had a number of contacts with agents of the American Central Intelligence Agency (CIA).

In a statement printed across a full page of the evening newspaper *Kayhan*, the students alleged that the Americans offered Mr Bani-Sadr a salary of \$1,000 (£200) a month to become a consultant for an American company. It was not clear whether the President accepted the offer.

For all practical purposes, the students have broken up following the end of the hostage-taking but have continued to publish some of the documents they found in the United States Embassy after the November 1979 takeover.

The students have said the files were not revealed before to prevent harming the Islamic republic, and were not even shown to Ayatollah Khomeini until after the hostages had been released.

The fact that they were shown to him at the end of April may help explain why the ayatollah so angrily endorsed Mr Bani-Sadr's final political destruction less than two months later.

The students said some of the documents on Mr Bani-Sadr— all relating to the period before he became president—were destroyed in the embassy takeover. But those they did find, some reproduced in the original English by *Kayhan*, alleged that a month before the revolution, in Paris, he met a CIA agent named William Foster but acting under the false name of Rutherford. The statement said Mr Foster tried to persuade Mr Bani-Sadr to cooperate with the Americans.

The students said that when questioned by them after the Embassy takeover "CIA Station Chief" Thomas Aherm admitted that Rutherford and Mr Bani-Sadr had further meetings in Tehran in August 1979, and Mr Bani-Sadr had agreed to become a "consultant". But they added that Mr Aherm's words "could not be relied upon".

One of the documents reproduced in English stated: "Although pressed for time... (Bani-Sadr) has gone to his way to meet us. But it also expressed doubt that Mr Bani-Sadr would cooperate 'along the lines we envision' and noted that newspaper owners such as he were usually self-seeking and often unreliable."

Although Mr Bani-Sadr has already been publicly denounced in the publication of the documents is seen as an attempt totally to denigrate the President in the face of continued incidents of violence, since his dismissal.

The official Press news agency said 12 arrests had been made after one of the top three clerical figures in the dominant Islamic Republican Party (IRP), Hojatoleslam Ali Khamenei, was injured by a bomb at a south Tehran mosque yesterday.

Officials said today the hojatoleslam's condition was improving.

Hossein Mousavi, a 48-year-old architect and publisher, has been appointed Iran's new Foreign Minister, subject to the approval of the Majlis.

SUSPENDED SENTENCE FOR PRINCE

From Our Own Correspondent
Paris, June 28

Prince Thibault of Orleans, aged 33, the youngest son of the Count of Paris, the pretender to the French throne, was early today given a one-year suspended prison sentence.

He was found guilty of complicity in the attempted theft of pictures from the collection of the wealthy widow of a Tarbes physician and founder of a prosperous clinic. Two others, M. Jacques Bonnaud, aged 38, a business associate of the prince, and M. Henri Rapart, aged 38, were jailed for four and three years respectively.

The Prince, who had been in Tarbes prison awaiting trial for 14 months, was immediately released. His Scottish-born wife, Marion, insisted in a radio interview that her husband was innocent.

Prince Thibault, who denied any part in the attempted theft on March 30, 1980, was accused of having instigated it in order to find a way out of financial difficulties.

Peace pictures unsold

By Geraldine Norman, Sale Room Correspondent

Two versions of Edward Hicks's favourite pictorial composition, "The Peaceable Kingdom", failed to find buyers at the New York art sale on Friday. One was unsold at \$200,000 (estimate \$250,000 to \$300,000) and the other at \$75,000 (estimate \$100,000 to \$150,000).

In the early nineteenth century Hicks painted many slightly varying versions of this subject; in the distance Penn is seen making his treaty with the Indians, while in the foreground wild animals and a child lie down together in the "peaceable kingdom".

Both patriotic and highly attractive, these paintings are usually popular with Americans. One of Friday's offerings bears the earliest date recorded for a "peaceable kingdom", April 1826: it was a gift from Hicks to his cousin's wife.

The failure of these two paintings left Christie's sale 44 per

cent unsold, with a total of £637,845. The strongest prices were paid for bronzes of the wild west. An art deco "Indian Hunter with a Dog" by Paul Howard Manship made \$40,000 (estimate \$

EXPORT WITH CONFIDENCE

Coming back to London

The luck has turned for Mike Gwilym, who tonight begins a season in the spotlight: interview by Sheridan Morley

LORD DIPLOCK said that Part II of the 1954 Act entitled a

Corresponding variations in

Solicitors: Radcliffes & Co
for Norton & Hamilton, Gran-
tham.

"I began acting for the OUDS and we took one of our

wasn't too terrible because I've only ever had myself to support and because in those

myself of the notion that acting is some sort of a race; if you want to, you can worry about

It takes as its point of departure the historical and

light, lyrical tenor and initially relaxed manner to the part of Sandy, whose final collapse was made the more complete

2000

More acceptable face of justice

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Divisional Court

Payments

but they could not be called "one character plays". Yvonne Bryceland may have the stage to herself, but by the end of the evening it is also crowded with her menfolk, lying in bed after she has to get up for work.



Youngs Duneside in

These are both amiable ladies. The screw tightens another notch in *A Woman Alone*, which begins cheerfully enough with imprisoned Miss Bryceland ironing away and conversing

lence, William Byrd must have been a courageous man to print his Latin liturgical music in Protestant England. Bravely transmuting performance circumstances from the private

Enigma Variations the musical portraits were often subdued by being kept within a narrow dynamic range. However, they were presented with an agreeable bluff heartiness alternating

11-11-11

No power to return payments

APPLICATION FOR FACTS
ON NEW HEARING

Estimating

In a Practice Direction given in the Divisional Court Lord

trial length

Earls Court
He was applauded with desperate vigour each time he exchanged his black Strato-caster for an acoustic jumbo

non-arrangement which recalled the first side of *Bringing it All Back Home*, it became the unexpected highlight of Friday night's concert. Of course, the audience missed the point, and

they's lead guitar respectively imitating the parts originally devised by Al Kooper and Mike Bloomfield. Did they also notice, in "Simple Twist of Fate", Fred Tackett's loving recreation of Bruce Langhorne's

treble lines, was, like *Tues Pastour*, passionately luscious. More than a glint of hope surfaced in the trumpeting Alleluias of *Solve iubente Deo* and the regal richness of

01-836 6404cc01-379 6233

RECEIVED
JAN 10 1964
FBI - NEW YORK

Estimating trial length

Callers: 146 Marylebone Rd., NW1.

~~cases~~ ~~inquired~~ ~~of~~ ~~prospective~~

probable length of the trial.

songs. I'll give you a really old
song, and let's see what you

Rolling Stone", which has been

Richard Williams

Stephen Pettitt

Booking 437 4506 · CCs 379 6565

SECRET

Recruitment Opportunities

PETROLEUM INDUSTRY PROFESSIONALS

The climate has never been better for
OIL & GAS EXPLORATION AND PRODUCTION
in the U.S.A.

and Sohio Petroleum Company needs additional high calibre, professional staff to pursue its exploration and production goals.

From June 28th to July 1st a representative of Sohio Petroleum Company will be in London to talk with petroleum industry professionals possessing a relevant degree and at least 4 years of appropriate experience for positions in the United States. U.S. citizenship is preferred.

Career opportunities are currently available for:

- Development & Exploration Geologists
- Exploration Geophysicists
- Drilling Engineers (Onshore & Offshore)
- Drilling Superintendent (Offshore)
- Production Engineers
- Reservoir Engineers

A program encompassing realistic relocation assistance to our Dallas, Denver, Houston, San Francisco, Oklahoma City and Anchorage locations as well as home purchase or rental assistance is available.

To discuss these opportunities you are invited to call John Schilling in London at 235-5411 between 2PM and 5PM on June 28th and between 9AM and 3PM on June 29th, 30th and July 1st.

If unable to contact us in London, you are encouraged to submit a detailed resume including career objectives, location preference and salary history to:

John Schilling
Sohio Petroleum Company #94681
100 Pine Street
San Francisco, CA 94111 U.S.A.

An equal opportunity
employer M/F/H/V

SOHIO

Public and Educational Appointments

AUCHI POLYTECHNIC, AUCHI BENDEL STATE NIGERIA TEACHING STAFF VACANCIES

Auchi Polytechnic is a tertiary level Technological Institution owned by the Bendel State Government and awards National and Higher National Diplomas under a two-tier, system equivalent to British O.N.D. and H.N.D.

The Polytechnic is currently undertaking an ambitious expansion programme including re-equipping of laboratories and new teaching facilities.

Vacancies exist in the following areas of specialisation:—

- (a) **SCHOOL OF ENGINEERING:**
Production Engineering, Air-Conditioning and Refrigeration, Building Services, Thermofluids, Material Science.
Telecommunications/Computer, Technology/Electrical, Power/Machine/Instrumentation/Electronics/Control System Engineering.
Structural Engineering/Building Technology/Transportation and Highways Engineering/Soil Mechanics and Foundation Engineering/Hydraulics and Hydrology.
Plastics/Rubber, Technology/Chemical Engineering.
- (b) **SCHOOL OF ENVIRONMENTAL STUDIES:**
Quantity Surveying, Construction, Estimating, Geodesy, Estate Management, Civil and Urban Design.
- (c) **SCHOOL OF VOCATIONAL TEACHER EDUCATION:**
Electricity, Electronics, Metalwork, Technical, Woodwork.
Management, Business Methods, Economics, Accountancy, Typewriting, Shorthand.
Ceramics, Fibre Craft, Painting, Sculpture, Textile Design, Ceramics.
Foundations of Education.
- (d) **SCHOOL OF BUSINESS STUDIES:**
Marketing courses and Management Courses.

POSTS AVAILABLE:

	Teaching experience	Salary
1. Senior Principal Lecturer	Min. 12 years	N10,296-N11,326
2. Principal Lecturer	Min. 10 years	N9,168-N10,128
3. Senior Lecturer	Min. 8 years	N8,064-N9,024
4. Lecturer I	Min. 6 years	N7,404-N8,052
5. Lecturer II	Min. 4 years	N5,760-N6,732
6. Lecturer III	Min. 2 years	N4,668-N5,640

Conversion as at current exchange rate sterling to Naira approximately 1.27.

QUALIFICATIONS:

A good honours degree or equivalent professional qualification in the relevant fields together with post-qualification teaching and extensive Industrial/Research experience of varying length at the Master's or Doctorate level in the relevant field will be an advantage.

CONDITIONS OF SERVICE:

Appointments either on contract (for expatriates) or pensionable for Nigerians. Contract appointments are for 2 years and attract a contract addition of 10% of basic salary and 15% contract gratuity in lieu of pension benefits payable at expiry of contract.

Fringe benefits include, part-furnished accommodation at a rental not exceeding 7% of basic salary or N300.00 per annum whichever is lower. Free medical care and free passages for appointees and family (wife and up to 3 children under 18 years of age).

METHOD OF APPLICATION:

Candidates are requested to submit eight (Type-written) copies of their applications and curriculum vitae to: The Director, NUC London Bureau, Queen's House, 180 Tottenham Court Road, London W.1.

Candidates are advised to request their referees to forward references on them under confidential cover to the above address not later than 17th July, 1981.

Date of interview: 27th to 31st July, 1981. Short-listed applications will be acknowledged.

REGISTRAR

EXPERIENCED PRODUCTION EDITOR

AMERICAN NATIONAL WITH WORK PERMIT

Needed to oversee revised edition of illustrated popular medical journal. Candidates should be familiar with the editorial requirements of a highly visual magazine and be able to work hard under pressure. Knowledge of the subject an advantage but not essential. We offer an attractive salary and other benefits. Write with C.V. to Sue Cuspin, Marshall Cavendish Partners Ltd., 56 Old Compton Street, London W1V 5PA.

CARIBBEAN CRUISING

Experienced Heavy Technicians and Musicians of good appearance aged between 21 and 30, required for our cruise on board cruise ships to the Caribbean. Please contact Liz at Caribbea Travel, 01-431 1111.

WHICH CAREER SUITS BEST?

Professional Guidance and Assessment for all ages. 15-24 years courses, careers 25-34 years improvement, changes 35-44 years progress, 2nd careers 45-54 years new horizons. 01-5355452 (04hrs).

TRANSLATOR SOUTHERN GERMANY

International Engineering Co. requires first-class technical translator in German with engineering background. Control small translation office. Travel expenses etc. paid. Age 20-40, £10,000 a year, 40% annual bonus. 01-431 1111.

INSURANCE ACCOUNTS CLERKS

To £7,000 + bonus. If you have min. 2 years experience in insurance accounts within either an insurance office or a company which does insurance work, you will be interested in this. Keynote Emp. Ag.

AMERICAN EMBASSY

requires
**FEDERAL BENEFITS
CLERK**

to assist in claims work and provide administrative assistance for the U.S. Consulate in London. Good typing skills are essential. Hours 9 a.m.-6 p.m. Salary £6,115. Apply in writing, giving full details of experience, to: Personnel Office, 24 Grosvenor Gardens, London, W.1. Closing date July 6th, 1981.

TRAINEE MILLIONAIRES WANTED

If you are ambitious, between the ages 22-45 and live in London or the Home Counties ring Jim Moore or Harry Marshall on 01-635 0567.

LONDON based musician and artist

needed and wife. Two S.A. (female), patient, responsible, creative, friendly musician. The to travel, social and business contacts. Please send CV to 674 0441.

LEGAL NOTICES

In the matter of BRISTOL DIECASTING COMPANY Limited and in the matter of THE COMPANIES ACT 1948.

Notice is hereby given that the creditors of the above-named Company which is being wound up by order of the court, are to send in their claims and particulars of their debts or claims, and the names and addresses of their creditors (if any) to the undersigned Liquidator at the address specified below, on or before the date specified below, in order that they may be admitted to the Company's assets and that the Liquidator may be enabled to make a dividend in respect of the assets of the Company.

Dated this 18th day of June, 1981.

L. C. CURTIS,
Liquidator.

In the matter of RECORDERS & SECURITY FILMS LIMITED and in the matter of THE COMPANIES ACT 1948.

Notice is hereby given that the creditors of the above-named Company which is being wound up by order of the court, are to send in their claims and particulars of their debts or claims, and the names and addresses of their creditors (if any) to the undersigned Liquidator at the address specified below, on or before the date specified below, in order that they may be admitted to the Company's assets and that the Liquidator may be enabled to make a dividend in respect of the assets of the Company.

Dated this 18th day of June, 1981.

K. D. GOODMAN,
Liquidator.

No. 001446 of 1981.

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION, ORDERED BY THE MASTER OF THE CHANCERY.

NOTICE IS HEREBY GIVEN THAT the creditors of the above-named Company which is being wound up by order of the court, are to send in their claims and particulars of their debts or claims, and the names and addresses of their creditors (if any) to the undersigned Liquidator at the address specified below, on or before the date specified below, in order that they may be admitted to the Company's assets and that the Liquidator may be enabled to make a dividend in respect of the assets of the Company.

Dated this 18th day of June, 1981.

ALLEN & OVERY,
Solicitors for the above-named Company.

RE DON BRICKS LIMITED and in the matter of THE COMPANIES ACT 1948.

Notice is hereby given that the creditors of the above-named Company which is being wound up by order of the court, are to send in their claims and particulars of their debts or claims, and the names and addresses of their creditors (if any) to the undersigned Liquidator at the address specified below, on or before the date specified below, in order that they may be admitted to the Company's assets and that the Liquidator may be enabled to make a dividend in respect of the assets of the Company.

Dated this 23rd day of June, 1981.

PHILIP NATHAN GORDON NAPIER,
Director.

PUBLIC AND EDUCATIONAL APPOINTMENTS

University of Birmingham

FACULTY OF ARTS

CHAIR OF GREEK

IN THE SCHOOL OF HELLINIC AND ROMAN STUDIES

Applications are invited for two posts of LECTURER available from September 1981. The posts are for two years, renewable for a further two years. The Department wishes particularly to build on its strength in the field of Greek and Roman studies, including project management.

Salary for the scale for lecturers in the Department of Classics, University of Birmingham, PO Box 363, Edgbaston, Birmingham B15 2TT. Applications should be sent to the Registrar, University of Birmingham, PO Box 363, Edgbaston, Birmingham B15 2TT. Closing date 15 July 1981.

TRANSFER BOOKS

Notice is hereby given that the Registrar of the Ordinary Shares of the Registrar, University of Birmingham, PO Box 363, Edgbaston, Birmingham B15 2TT. Applications should be sent to the Registrar, University of Birmingham, PO Box 363, Edgbaston, Birmingham B15 2TT. Closing date 15 July 1981.

PUBLIC AND EDUCATIONAL APPOINTMENTS

The University of Hull

DEPARTMENT OF ENGINEERING AND MANUFACTURE

POST-DOCTORAL RESEARCH ASSISTANTSHIP

Applications are invited for a research assistantship in the Department of Engineering and Manufacture. The post is for two years, renewable for a further two years. The Department wishes particularly to build on its strength in the field of engineering and manufacture, including project management.

Salary for the scale for research assistants in the Department of Engineering and Manufacture, University of Hull, PO Box 363, Hull HU6 7RX. Applications should be sent to the Registrar, University of Hull, PO Box 363, Hull HU6 7RX. Closing date 15 July 1981.

The University of Auckland

SCHOOL OF MEDICINE

OBSTETRICS AND GYNAECOLOGY SENIOR LECTURESHIP (2)

Candidates must hold a medical qualification and be registered as a medical practitioner in New Zealand and should be Members of the Royal College of Obstetricians and Gynaecologists or the Royal College of Physicians. They should also have a minimum of five years' postgraduate experience in obstetrics and gynaecology, and it will be an advantage if they have a special interest in obstetrics and gynaecology. The successful candidate will be expected to undertake a significant research project in the field of obstetrics and gynaecology.

Salary scale: Range 1A for Research and Academic Staff, NZ\$10,000 to NZ\$15,000 per annum. Applications giving details of qualifications and experience should be sent to the Registrar, University of Auckland, PO Box 363, Auckland. Closing date 15 July 1981.

The University of Leeds

DEPARTMENT OF ELECTRICAL AND ELECTRONIC ENGINEERING

Applications are invited for two posts of LECTURER available from September 1981. The posts are for two years, renewable for a further two years. The Department wishes particularly to build on its strength in the field of electrical and electronic engineering, including project management.

Salary for the scale for lecturers in the Department of Electrical and Electronic Engineering, University of Leeds, PO Box 363, Leeds LS2 9JT. Applications should be sent to the Registrar, University of Leeds, PO Box 363, Leeds LS2 9JT. Closing date 15 July 1981.

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BURSAR PARSONS MEAD

The present Bursar of this independent C.B.G.S.A. girls' school is retiring at the end of April 1982. The Governors wish to appoint a successor. The school has about 450 pupils including about 50 boarders. The post is non-resident. The salary is based on that of Senior Teacher, Barnham Scale. The successful candidate should be a qualified teacher with experience in the management of a school. Applications should be sent to the Clerk to the Governors, Parsons Mead, Gwyther Lane, Aylesbury, Bucks HP21 2PZ.

HEADSHIP OF ST MARTIN'S SCHOOL

Northwood-Middlesex

In view of the retirement of Mr. J. M. A. Lumsden, M.A., who has been Headmaster of St. Martin's School, Northwood, Middlesex, since 1967, the Governors are invited to apply for the post of Headmaster. The successful candidate should be a qualified teacher with experience in the management of a school. Applications should be sent to the Clerk to the Governors, Parsons Mead, Gwyther Lane, Aylesbury, Bucks HP21 2PZ.

Nottinghamshire County Council

County Hall West Bridgford Nottingham NG2 7DT

CRANLEIGH SCHOOL

CHAPLAIN

Required in January 1982. Accommodation available for either bachelor or married man. Enquiries and applications (including curriculum vitae) to the Headmaster, Cranleigh School, Surrey. Tel: Cranleigh 3597.

The University of Leeds

DEPARTMENT OF LAW

Applications are invited for the post of

LECTURER

In the above Department, available from October 1981 for two years. Salary on the Academic salary scale, £6,070-£12,360 per annum. Applications giving details of qualifications and experience should be sent to the Registrar, University of Leeds, PO Box 363, Leeds LS2 9JT. Closing date 15 July 1981.

University of York

CENTRE FOR SOUTHERN AFRICAN STUDIES

The University of York has a Centre for Southern African Studies. The Centre is currently seeking a Senior Lecturer in the Department of Geography. The successful candidate should be a qualified teacher with experience in the management of a school. Applications should be sent to the Clerk to the Governors, Parsons Mead, Gwyther Lane, Aylesbury, Bucks HP21 2PZ.

University of Durham

ENVIRONMENTAL ARCHAEOLOGIST (BOTANICAL)

Applications are invited for the post of ENVIRONMENTAL ARCHAEOLOGIST (BOTANICAL) in the Biology Laboratory. The successful candidate should be a qualified teacher with experience in the management of a school. Applications should be sent to the Clerk to the Governors, Parsons Mead, Gwyther Lane, Aylesbury, Bucks HP21 2PZ.

The University of Hull

DEPARTMENT OF POST-DOCTORAL RESEARCH FELLOWSHIP

Applications are invited for a postdoctoral research fellowship in the Department of Applied Physics. The successful candidate should be a qualified teacher with experience in the management of a school. Applications should be sent to the Clerk to the Governors, Parsons Mead, Gwyther Lane, Aylesbury, Bucks HP21 2PZ.

The University of Hull

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Director of Education

222,345-223,795 p.a.

The above post will become vacant in September 1981. Previous managerial experience and appropriate qualifications are essential prerequisites.

Application forms will not be issued, but further details are available on request from the Clerk of the County Council & Chief Executive at the address below (Telephone Nottingham (0502) 863586 ext. 3881).

Applications in writing (envelopes marked 'Confidential' and endorsed 'Appointment of Director of Education') should be sent to the Clerk of the County Council & Chief Executive at County Hall by 17 July 1981. Please quote ref 123.

Nottinghamshire County Council

County Hall West Bridgford Nottingham NG2 7DT

CRANLEIGH SCHOOL

CHAPLAIN

Required in January 1982. Accommodation available for either bachelor or married man. Enquiries and applications (including curriculum vitae) to the Headmaster, Cranleigh School, Surrey. Tel: Cranleigh 3597.

The University of Leeds

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Commercial Property by Baron Phillips

Civil Service loses office block to the market

Government moves to trim the Civil Service advanced a step further this week as agents Hillier Parker May & Rowden begin to dispose of the state's remaining leasehold interest in the office block occupied by the Property Services Agency near Waterloo Station on London's South Bank.

The PSA has held the lease of the 12-storey Becket House since 1974 by the St Thomas's Hospital Trust. The agents are asking for a premium of £750,000 to assign the remaining 33-year lease covering a total of 146,000 sq ft area.

Becket House was originally taken on a 40-year lease with five-yearly rent reviews. There is a further three years to run on the existing rent pattern at a current rent of about £11.30 a sq ft.

Current rents in the area, according to Hillier Parker, are around the £12 a sq ft mark which means the agents are asking for quite a high premium on what is not much of a discount to market rents. Any prospective tenant must bank on a sharp increase in rents in the area to see any benefit from the asking premium. But the agents are quite optimistic.

The disposal of Becket House could well be the first of many similar blocks coming on to the market. The Department of the Environment says the disposal of the air-conditioned block is a result of staff cuts and dispersal of work from London.

The PSA says that further contraction of the Government's central London offices can be expected with more reductions in the Civil Service and decentralisation of work.

Office blocks which are likely to fall under the Government's axe will be those on which high rents are paid. The PSA prides itself on the fact that much of its central London office ac-



Town & City has started refurbishing and marketing 100,000 sq ft of office space on the edge of the City. The building is now called Cityside and will be released in two phases: the first section will offer 45,600 sq ft in Alder Street, London E1 and the second phase covers 55,780 sq ft on Mulberry Street.

commodation is on extremely low rents. In fact rents as low as £2 a sq ft are not uncommon. But modern office accommodation, such as Becket House, is more likely to be the target of stringent Government economies because rents close to the market level are being paid for them.

Another major Government building to be released to the market is the 61,000 sq ft Apex Tower, New Malden. It is being handled by Chestertons.

Plans announced last week for extending rail communications to London's docklands area once the area into sharp focus once more. It is believed a much needed rail service could be operating within four years which would lift property values and inject development confidence into the area.

The Greater London Council may well have sighed with relief when the transport plans were unveiled. The GLC is reported to be encountering some difficulties in disposing of a prime docklands site with river frontage.

About two months ago the council announced it was tendering for sale a five-acre site known as the Free Trade Wharf. Prospective purchasers were given seven days to formulate and submit their bids. Unfortunately the successful bidder was unable to complete and the unsuccessful parties were asked to re-submit offers. They were given two working days and a weekend to do so.

Despite the apparent speed with which the GLC wanted to dispose of the Free Trade Wharf it has not succeeded so far. This is particularly disappointing to the council as the site, in docklands terms, is in a prime position.

The site was acquired some years ago by the council from the MEPC group at a reported £1m. It was intended to develop the wharf into the new City Polytechnic, a plan which failed to materialize. Although the figure has been announced by the GLC it is believed to be a hopelessly high price for a site similar to that which it paid originally.

Perched on the river midway between the fashionable Wapping High Street and Limehouse the site has tremendous potential for either residential or industrial use. It is not uncommon for flats with a view of the river to change hands for £250,000.

At the same time Capital & Counties is hoping to start moving on one of its docklands sites at Wapping Wall next year. Development will commence, initially, on a stretch of cleared land to the north of Wapping Wall mainly for residential purposes. The other site, for which no planning consent exists at present, is expected to be a mixed residential, commercial and industrial development.

Town & City which owns a stretch of fine warehouses at Bude's Wharf, close to Tower Bridge, continues to encounter planning difficulties. The group has already disposed of the Concordia warehouse, on an adjacent site which is being developed into 57 flats, studios, workshops and a restaurant by Mr Andrew Wadsworth. This is expected to be completed by Christmas 1982.

In Covent Garden the MEPC has finally topped out its 190,000 sq ft Long Acre office building. Developed amid much protest from local action groups, Jones Lang Wootton is the sole letting agent and is looking for a rent of £3.50 a sq ft. This is equal to £20 a sq ft for the £46m block funded by the Local & General.

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Old trouper Denis battles on beside the seaside

Frank Johnson

One of the many pleasures of the seaside conference round is that the visitor sometimes chances of an evening, on pier or winter garden, on entertainers from another age, another world. Liberal Party assemblies and the smaller union conferences, because held in a wide range of resorts, have provided the present observer with the happiest of such discoveries over the years. Elsie and Doris Waters! Semprini! Jaffa! Jeremy Thorpe! Only a native caution prevents one from claiming to have caught up with Pavlova in Paignton, Caruso in Cleethorpes.

Contemporaneous with the steelmen's conference at Bournemouth the other day, the light tenor of Mr John Hanson was still chirruping on and on about being only a strolling vagabond and similar predicaments. And in recent days, in Bournemouth, Brighton and Bridlington, the visitor could enjoy Mr Denis Healey.

Mr Healey is that rarity among politicians: a clever man who, in front of an audience, pretends to be an average man. Most politicians are very average men who, in front of audiences, pretend to be very clever.

He is one of the very last of our important politicians to be the beneficiary of a pre-1939 elitist education: classics as degree subject, knowledge of German and

Italian as well as French; ignorance of economics; a general command of mandarin culture. Though of a different social background, the late Richard Crossman was similar. This does not mean that we should accept the tale, which Mr Healey himself sometimes puts about, that he is really a sensitive soul who would like to have been an art historian. He is power-crazed all right; otherwise he would be an art historian. It is simply to suggest that he is a more civilized man than his contemporaries. For, by the time Mr Healey was at Oxford in the 1930s, Great Britain was already beginning to be overtaken by the swiftest, charlatan-prone Modern (Philosophy, Politics and Economics) as the favoured degree of aspirant politicians, the fallacy being that these were the subjects which helped towards an understanding of the modern world. Sir Harold Wilson was the first PPE swot to become Prime Minister.

When he became Shadow Chancellor of the Exchequer in the early 1970s, after a political lifetime in foreign affairs and defence, Mr Healey clearly knew next to nothing about economics. He would arrive at the dispatch box festooned with cuttings from the *Financial Times*. But within a few weeks he

had mastered the patter. Nowadays you could not tell the difference between him and a PPE type. Yet, unlike them, he can also do the Renaissance Man turn.

On the train to Bridlington, I had been reading for the first time, on the advice of a German friend, a translation of *Conversations with Goethe*, by Eckermann, who seems to have been a sort of superior, Teutonic Kenneth Harris.

Asked by Mr Healey to explain what I was doing following him all the way to Bridlington, I explained "I'm your Boswell, or your Eckermann," hoping he would inquire, of the latter, "who?" But he caught the allusion. How irritating! One could comfort oneself with the suspicion that, like most politicians, he would have assumed one was referring to Haldeman or Ehrlichman.

But no, Healey the aesthete or man of parts is probably no pose or fraud. That makes even more remarkable the extraordinarily banal and demotic oratorical style which he affects—heightened by the fact that all these knockabout commonplaces issue from "someone who looks like an old stereotyped Punch cartoon of an Irish navvy."

His punch-lines and rhetorical flourishes date from the saloon bar or playground of

a couple of decades ago. "Put that in your pipe and smoke it," he will demand of some heckler at whom he has just hurled a few statistics about growth rates under the last Labour Government. "Not a sausage," he will exclaim after explaining that the Tories are not building any council houses. "Healey, Renaissance Man as Buffoon. That is the theme on which his future biographers will build."

He arrived cheerily in the Bridlington pub where he was to address a fringe meeting during the conference of health service workers (COHSE). As he passed through, a middle-aged couple asked each other who was that man who looked vaguely familiar. Believing it necessary at all times to save our politicians from the sin of pride, and remembering all those veteran performers who turn up at the seaside, I assured them with great confidence: "It's Joseph Locke (the burly, noisy Irishman who, in flagging bit and tucker, was always having to say Good-bye because he was off to join the Foreign Legion) the couple seemed perfectly satisfied with this piece of information. They remembered Mr Locke warmly. Perhaps they would not have felt the same about Mr Healey."

One followed Healey/Locke into the meeting room. There was no one there. "They forgot to give out the leaflets," he explained. We waited. Three members of

COHSE arrived. "I'll just nip out and see if I can see anybody," Mr Healey said. Mr Edward Heath, in a similar situation, might by now have sacked someone, if only some barman whose sacking was not in his power. But Mr Healey, as they say in the North, has no side. Eventually rather a large audience drifted in. Mr Healey's speech was unceremonious in tone even by his standards of delivery. Presumably he saves any nuances for all that art history at weekends. But there was another reason. He likes a rough house. A group of young delegates in jeans, badges and T-shirts, bent over to a person, started to heckle him. He relished it. Suddenly the entire split in the Labour movement was before us in microcosm, in a low-ceilinged bar in Bridlington.



Drawing by Richard Wilson

He talked of the Labour Government and housing. They changed the subject to unemployment. He changed to unemployment. They switched to housing. He said the economy did well under Labour in 1978. One of them said that all economies had done well in 1978. They detested him. He, being the product of a culture which does not place supreme importance on mere politics, was just generally argumentative towards them. A middle-aged loyalist asked why the press concentrated on Labour's split. Mr Healey said the press did not print Labour's actual policies. "Not a sausage."

A heckler shouted something about fascism in Ireland. Mr Healey said: "I'm an Irishman." Someone muttered "rubbish." Labour was even split on whether Mr Healey is Irish.

EEC budget reform

Will Britain still come out a loser?

Today, the EEC prime ministers and President Mitterrand, begin negotiations about the reform of the European budget which will have a decisive bearing both on the future of Europe and on Britain's relations with the Community.

If Mrs Thatcher can pull off a satisfactory deal—ensuring that Britain cannot again find herself a substantial net contributor to the budget, and achieving a more cost-effective Common Agriculture Policy—then much of the heat will be taken out of the continuing European debate in Britain.

If she does not succeed—if Britain perhaps finds herself heading for a net contribution of £1.5m in 1983, and if the CAP shows itself unable to be reformed—then all bets must be off about our membership of the Community.

Similarly, for Europe these negotiations may, by reforming them, consolidate the Community's established policies—the EEC, the CAP, "own resources"—and bring about further progress in European integration. Or they may issue in such a disarray the CAP "re-nationalized", national financial contributions in effect replacing "own resources"—that the future of the EEC itself may be called into question.

The starting point for the debate, which will begin in earnest in September, will be the proposals put forward last week by the commission. These reflect a strategic choice of a cautious and defensive approach which takes care of the "British problem", but by continuing exceptional arrangements for Britain rather than by generalized arrangements.

The commission's analysis assumes that the CAP is likely for some time to remain the community's main spending policy. It recognizes two problems: defects in the agricultural policy itself, leading to waste; and perverse distributive effects in the budget, especially affecting Britain, caused by the way in which differences in the size of the farming industries in the various countries produce differences in the amount of community spending in each member state.

Thus the commission proposes a comprehensive reform of the CAP so as to free resources for other policies. And so safeguarded the British position while this being done, it proposes to make refunds to Britain based on a key reference each member's share of community GDP to its share of EEC farm spending.

As a statement of intentions on CAP reform there is much to be commended in the commission's proposals. Cutting off the hitherto open-ended commitment to intervene to buy up surpluses would reduce overproduction and cut the enormous budgetary costs for storage and disposal. Reducing community price levels towards the world market rates would also cut the economic costs of the CAP in terms of the resources at present misallocated to agriculture by artificially high prices.

But unless and until these radical changes in the CAP come into effect, and the EEC's non-farming "structural" policies expand to use the resources thus set free,

a heavy weight must fall upon the proposed refund mechanisms for Britain. Is it not in Britain's interest to find solutions which leave her less exposed?

Britain would suffer — is already suffering — from being the privileged beneficiary of exceptional arrangements. One aspect of this concerns the amount of the refunds. So long as this has to be fixed in a nine to one negotiation the amount is likely to be unsatisfactory: although Britain is, along with Italy, Ireland and Greece, one of the four less prosperous countries, she is, and is likely to remain, a net contributor even after the refunds are made.

Then there are the political strings. The May 30 concessions were linked to undertakings by Britain on the farm price negotiations, on lamb, and on fish. Earlier this year there was serious bad blood between Britain and West Germany over our alleged failure to honour our side of the bargain on fish. In future years a link might be made for example, to British concessions on oil. So it would be very much to Britain's advantage to see her budget problem resolved by general measures applying to all members, not to herself alone.

This should strengthen the Government's resolve in the task—which it ought to find congenial—of reforming the CAP so as to reduce its costs, both budgetary and economic.

Less congenial, it must involve a much more imaginative and vigorous approach by the British government to the possibilities for more community spending on non-farm "structural" policies—an approach which requires transfers of responsibility to Brussels if public expenditure overall is not to be increased.

The right way forward is surely to recognize that a deliberately progressive budget—which would solve that problem through "structural" policies and generally applicable redistributive arrangements—represents a new stage in European economic integration which Britain should actively seek to promote. And this in turn means recognizing the link between such systematic resource transfers and participation in share economic instruments and disciplines—for example, most typically, in respect of exchange-rate policy. A fundamental incoherence shows when, in the same fortnight, the Chancellor calls for a redistribution European budget dedicated to "convergence" and the Financial Secretary indicates that, for reasons of doctrine, Britain cannot fully participate in the European Monetary System.

In fact, alas, Britain is adding to her special position on the budget a special position on European economic integration through the EMS. And, as Lady Bracknell might have observed, to claim one special position may attract sympathy; to claim two begins to look like carelessness.

Robert Jackson

The author is a member of the European Parliament's Budgets Committee, and the author of *Reforming the European Budget*, published by Corgi, 32 Smith Square, SW1.

Tricky business, choosing a bride for Bertie

The Royal wedding on July 29 will be the first by a Prince of Wales since 1863. Anthony Holden describes the long quest for a suitable queen for Victoria's heir.

Bertie, Prince of Wales, was just 16 years old when his parents, Queen Victoria and Prince Albert, began a European-wide search to find him a suitable bride. Everybody, according to Albert, was telling them: "You must marry the Prince of Wales. Unless you do, he is lost." They enlisted the aid of their daughter Vicky, the Princess Royal, herself already happily married to the future heir to the throne of Prussia.

"We must look out for princesses for Bertie," the Queen wrote to Vicky. "Oh! If you would find us one!" Victoria spelt out the royal requirements: "Good looks, health, education, character, intellect and a good disposition, we want great rank and riches, we do not." That she must be a Protestant went without saying; that she must be good-looking was evident to Bertie's parents from his already roving eyes. That was why they were marrying him off.

The Times helpfully printed a list of suggestions, while Vicky settled down beneath a chestnut tree with the *Almanach de Gotha*. But the list of suitable candidates was rather short. "Princesses," complained Vicky, "do not spring up like mushrooms or grow upon trees." Nevertheless, she set off to check those available, and was soon reporting back.

Princess Anna of Hesse had perhaps "the fewest disadvantages," but she had "an incipient twitching in her eyes... a flat, narrow and upright forehead... and a rather gruff, abrupt way of speaking"; her teeth were "nearly all gone"; she dressed "terribly" and was prone to frowning. Not a very promising start.

There was Marie of Alenbourg, but she too distressed her mother and had "a most disagreeable mother." Marie of Hohenzollern-Sigmaringen would have done fine—"quite lovely," said Vicky—but she



Married at last: the Prince and Princess on March 10, 1840.

her daughter's security and future prospects; and she disapproved strongly of the Danish court, where King Frederick VII openly lived "in sin" and spent most of his time drunk.

Two months later, however, Victoria had received glowing reports of Alexandra, along with the intelligence that the Tsar had his eye on her. "It would be too dreadful," wrote Vicky. "If this girl were to go to the Russians, Victoria would be disgraced. There was, moreover, nobody else in Europe remotely suitable for Bertie. The Queen despatched her daughter to look over the Danish Princess, and by the summer Vicky was able to report:

"I never set eyes on a sweeter creature! She is lovely! Her voice, her walk,

while the Princess and her family 'visited relations' at nearby Rumpenheim. Bertie and Alix were discreetly allowed to detach themselves from the rest of the group of royal sightseers, as the Bishop showed off his fustian. Next day the Prince of Wales wrote home about "the young lady of whom I had heard so much; and I can now candidly say that I thought her charming and very pretty." Back at Balmoral, however, he could only describe himself "much pleased."

"But as for being in love," wrote his mother, much vexed, "I don't think he can be." Vicky too was outraged that Bertie had not succumbed to love at first sight. When I think of that sweet lovely flower—young and beautiful," she wrote back, "that even makes my heart beat when I look at her—which would make most men fire and flames—not even producing an impression enough to let from Baden to England... it is a failure to kindle a flame, none will ever succeed in doing so."

Bertie was in a ditch. He was riding on his parents' rage at his much-gossiped-about loss of innocence, when his fellow officers at the Curragh Camp had introduced a young actress of their acquaintance into his life. Also, he had been so disgusted by his parents' reluctance to let him marry at all that he was dragged into marriage. He suddenly developed a "fear of marrying and above all of having children."

Albert, characteristically, set down his memo pad and issued an ultimatum: The girl must be invited to stay at Windsor, and Bertie must immediately make up his mind. He would either fall in love with her at once, or he would bid her farewell forever. Any other behaviour "would be most ungentlemanlike and insulting to the lady and her parents, and would bring disgrace upon you and us."

It was a stark choice: marry her now, or never see her again. But Bertie was spared having to choose by his

father's sudden death, supposedly of influenza contracted while rebuking Bertie over the episode at the Curragh. Victoria, mortified, blamed her son for her beloved husband's demise: "Oh that boy," she wrote to Vicky, "much as I pity, I never can or shall look at him without a shudder." She also became more determined than ever that Bertie should marry Alix without delay. She decided "to see the girl" for herself—to decide not if she was right for Bertie, but if "she will suit me."

At the beginning of a pilgrimage to the late Albert's family in Coburg she dropped in on the Danish Royal Family, who were instructed to speak in hushed tones and on no account to laugh in her presence. Alexandra had the good sense to appear before Victoria in a plain black dress, wearing no jewelry with her hair demurely in curls. "Oh!" wrote Victoria in her diary, "how he would have doted on her."

Five days later, much to Prince Christian's surprise after the long and tedious negotiations, Bertie touched up Alix in Brussels for his daughter's hand in marriage.

Thus did Prince Charles's great-grandfather, the last but one Prince of Wales, find his bride. Charles and Diana may have enjoyed a more thoroughly modern courtship, but their matched hours together—the press, rather than their parents, baying at their heels—contain some unhappy echoes of Bertie's whirlwind romance with Alix. One couple plighted their troth while strolling across the battlefield of Waterloo, the other while standing in the Parker-Bowles vegetable patch in the Cotswolds. But at least Charles had enjoyed the freedom to make his own choice, at almost twice the age at which Bertie had marriage thrust upon him.

An extract from *Their Royal Highnesses*, by Anthony Holden, published today by Weidenfeld & Nicolson at £7.95.

Spain ready for legal battle over Picasso

The Spanish Government is now prepared to take the legal action to secure custody of Pablo Picasso's famous painting *Guernica*, which has been on deposit at the Museum of Modern Art in New York for the past 25 years. Unless it hears from the museum by the end of July, the Spanish Minister of Culture, Sr Inigo Cervero, will begin legal proceedings in New York.



Picasso: a masterpiece in dispute.

Official attitudes in Spain hardened over the weekend since it was learned that several of Picasso's heirs, at a meeting in Paris last week, asked for a delay of 10 to 15 days before a decision is taken on the future of the picture. They want to seek the unanimous approval of all the heirs who, according to French law, have "moral rights"

over the work, which the artist dedicated to the Spanish people. Picasso's widow Jacqueline and the lawyer handling his estate are in favour of his return; one principal opponent, the artist's son, Paul, says that he feels Spain is not yet democratic enough.

The Museum of Modern Art has said it will let the Spanish have a decision by July 15, but Sr Cervero is asking no chances, since there have already been so many difficulties. A place of honour has been prepared for *Guernica* in what was once the bedroom of an old palace, El Casón del Buen Retiro, refurbished as an annex to the Prado Museum in Madrid. Picasso himself was once director of the Prado, although he never occupied his office because he went into permanent exile during the civil war.

All at sea

I only hope that when the Dalai Lama arrives in London today, he brings advisers who are better informed in religious affairs than his advance guard of public relations men. Last week they issued a press release saying that during his six-day stay he will visit "the Archbishop of Canterbury, Cardinal Basil Hume" (What Dr Runcie thinks of that I do not know).

The Dalai Lama, who has lived in India since the Chinese occupied Tibet in 1959, is on a world tour that will also take him to the United States. Other engagements in Britain include an address to an inter-faith service—he will speak on altruism—and meetings with Buddhist teachers and the Tibetan community.

THE TIMES DIARY



Red faces over the weekend at Decca, where plans to bring out a new bargain classical record label have been stymied—through their own oversight.

Decca, part of the PolyGram group, was all set to launch its Viva label in August with 12 releases, among them three Stokowski best-sellers. However, PolyGram had already licensed 36 older recordings to Pickwick International, a music-market London group who are launching their own bargain label, Contour Classics, this week. (The list features Herbert von Karajan, Claudio Abbado, Sviatoslav

Richter and the Vienna, Berlin and London Philharmonics to mention Henryk Szeryng's 1963 Concerto.) What Decca did not know was that, in the fine print of its contract with Pickwick, PolyGram was precluded from competing with Contour in the low price bracket.

Or so Pickwick's managing director, Monty Lewis, told David Fine, United Kingdom chairman of PolyGram. No one involved is now saying anything, but I understand that Decca has suspended all activity on the new label while it takes a fine tooth-comb through the contract. Collectors looking forward to the Stokowski records may have to wait.

The visit—his second to Britain—reminds me of the Australian journalist on the *Daily Mail* who was told by his news editor to get a quick interview "with the Dalai Lama, as the Chinese troops day stay he will visit 'the Archbishop of Canterbury, Cardinal Basil Hume' (What Dr Runcie thinks of that I do not know).

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Some real beauts

Flattery, it seems, is alive and well. Here are just a few of the entries sent in by readers in response to

my offer of a bottle of Bollinger for the wittiest and most irresistible example of flattery.

E. J. Priestley, of Shrewsbury, writes of a French government clerk in the 1840s who had to complete the passport details for a particularly beautiful woman. "Instead of writing in her height, the colour of her eyes, the shade of her hair etc, he simply wrote: 'More like an angel than a woman.' Whether it flattered the lady or not, it was apparently sufficient to enable her to cross several European frontiers."

Edward Franklin of Canterbury recalls a cartoon in *Punch* before the First World War. A schoolboy

applicant for Dartmouth is being interviewed. Admiral: Name three distinguished RN officers.

Boy: Drake, Nelson and—I didn't quite catch your name sir? Mrs Alison Christopher, of Eaton Terrace, London, recalls the wonderful Chinese greeting: "What is your glorious age?" But the one I like best so far is attributed to Dick Patton, the late headmaster of St Anthony's, a Sussex prep school. His granddaughter, Sally, Patel, tells me old boys often called in to show off their "pink and wrinkled offspring," all of whom looked alike to Patton. "He evolved the perfect flattering reaction: 'Now that's what I call a baby.'"

These aren't necessarily winners and there is still time to send in any examples you can think of—remember a bottle of Bollinger is at stake.

Incidentally, I have received several letters like this one from David Fitzpatrick, of Sheffield: "I was flattered enormously yesterday. Someone took me for Peter Watson." Pull the other one.

Editor wanted

One of Britain's oldest poetry magazines, *Poetry Review*, is looking for a new editor. The current one, Roger Garfit, says he can no longer afford to continue on the annual honorarium of £500 plus expenses. "I would have been prepared to stay for £1,000," he says, "but the proper rate should be about £2,000."

Although the parting has been amicable the society is believed to be embarrassed that it could not

pay more for the post, which, although part-time, is quite time-consuming. It has already approached four or five people in its search for a successor to Garfit.

I understand that they include Andrew Motion, a lecturer in English at Hull University who might not be unduly concerned at what the job pays since he won this year's Observer poetry prize, worth £5,000. He tells me he is interested.

Poetry Review has a circulation of about 3,000 and is published four times a year. Its fortunes have waxed and waned over the years. In the early days it published verse by Ezra Pound, Rupert Brooke and William Carlos Williams. In the late 1940s it was edited by Muriel Spark.

Versatility

After the success of his new book, *The Meeting at Telgte*, German author Günter Grass plans something different. Some recent works have featured his own drawings on the cover. These have been so popular that Grass has now begun to spend more time drawing, and he plans an exhibition of his pencil work in Lucerne in the autumn.

Total recall

Bernard D'Ascoli, a 22-year-old Frenchman who has been blind since he was three, has been accepted as a competitor for the Leeds piano competition in September. D'Ascoli was seen by Fanny Waterman, founder and organizer of the competition, at Leipzig, where

he came sixth. She was so impressed that she made sure he came to Leeds.

The contest, for pianists under 30, is held every three years and this year will have 102 competitors, 58 from Britain. The winner receives a Steinway grand piano worth £8,000 and is offered international engagements worth £65,000, including a tour with the English Chamber Orchestra. Previous winners of the competition, which has been going since 1963 and is now sponsored by Murray Perahia and Rafael Orozco.

Quiz answers

- Communists: four of them are in the new French government.
- Four prisoners hijacked a Star Taxi minibus taking them to court.
- \$1,500 (about £280).
- Stuckism (where the three German tourists spent the night).
- Near in Yorkshire.
- Granada, where newspapers have been banned for a year.
- Britain: The Labour Party home policy committee has voted to abolish the present honours system.
- Slings By: is our new lightweight torpedo.
- According to Debuten's, it is now bad luck to have a birthday on the 13th.
- Mary Pauline Preston won £700,000.
- Mary Rose (the wreck in the Solent) and Tim Daniel, were both visited by Prince Charles last week. (And both are archaeological rarities).
- "Nasomade" is the new wine produced jointly by Baron Rothschild and Robert Mondavi in California.
- For a time, there is now the longest single span suspension bridge in the world.
- Richard Somerset-Ward is the new head of BBC TV music and arts.
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Peter Watson



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ISRAEL'S FATEFUL ELECTION

The Israeli election campaign has been dominated, both for Israelis and for outside observers, by the personality of Mr Begin. A few months ago his government appeared to be in serious trouble. The economy was, as so often, in difficulties, the Likud coalition was falling apart, and Mr Begin himself has never been in the most robust of health. The Labour Party, which had dominated Israel's politics for 29 years until its defeat in 1977, was widely expected to sweep back into power.

Then by force of personality and by ruthless exploitation of the Israelis' sense of being alone in a hostile world, Mr Begin succeeded in reversing the trend. He made his abusive and unjustified attack on Herr Schmidt, accusing him of acquiescing in Nazi atrocities during the Second World War. He threatened to go to war over the Syrian missiles in Lebanon. He ordered the raid on the nuclear reactor outside Baghdad. He has also acted to appease domestic discontent over the economy by cuts in purchase tax and other vote-catching measures. The image he tried to project was of a strong leader.

For a time he seemed to be getting his reward in the form of a comfortable majority predicted by the opinion polls. The most recent poll, however, shows him losing ground again to run neck and neck with Labour, which may even have pulled ahead again after Mr Peres's strong performance in the television debate and reconciliation with Mr Rabin. It seems that many voters who had declared themselves undecided have now come off the fence in favour of Labour.

Last week's television debate was a crucial event in the campaign, as such debates have been in other countries, and Mr Peres made a calculated attempt to shake the hold that Mr Begin has on so much of Israeli public opinion. He attacked Mr Begin directly, accusing him of developing a personality cult and of being personally responsible for the violence which has marred the campaign. Mr Peres is not normally an inspiring speaker, and that has been one of his disadvantages when compared to Mr Begin. But this time he made his mark. He was able to follow it up with the news that Mr Rabin, so long his bitter rival for the leadership of the Labour Party, will be Minister of Defence if Labour wins.

Outside Israel, there must be few people who would be happy to see Mr Begin returned to power. To a certain extent he held his reputation as a hardliner when he responded to the overtures of President Sadat and, in the Camp David agreement, accepted the removal of Israeli settlements in Sinai. It is possible that only a hardliner could have got away with that. But he has dragged his feet since then in the Palestinian autonomy talks — as for that matter have the Egyptians too. He has also been unyielding in his view that Israel should retain control of the whole of the West Bank and the Gaza Strip, not to mention Jerusalem, which has been declared the "united and undivided" capital. He has accelerated the building of Jewish settlements in those areas, quite blatantly trying to create a *fait accompli* which no successor government could reverse. It is therefore widely

hoped that if Mr Begin is removed from office there will be some progress again, either in the autonomy talks or as a result of the European initiative.

One should not overestimate the prospect that the Labour Party would be more amenable. Little progress was made when it was last in power, and it would be hard for it to appear to be making concessions to the present state of Israeli public opinion. But at least it would be more flexible on the West Bank. It takes the view that the present military administration should not be maintained indefinitely, and that some form of territorial compromise would be possible with the Arabs provided that Israel's own security was not jeopardized.

The worst outcome would be for Mr Begin to be swept back into office on a wave of militaristic and xenophobic fervour. Much of the Likud's support comes from Israelis of Oriental origin, now a majority of the population, and particularly from manual workers. But an overwhelming majority of Israelis of all backgrounds appear to have supported the raid on the Iraqi reactor, and Labour made itself very unpopular by criticising it. There is also a great deal of popularity to be had, it seems, from attacking European leaders who suggest any sort of contact with the Palestine Liberation Organization. Justified though some of its fears of its neighbours may be, Israel has got to give serious thought to reaching an accommodation with them. And Labour is better suited to that than Mr Begin's Likud.

DUBLIN'S COALITION IN THE WINGS

The coalition of the Fine Gael and Labour Parties, which supplied Ireland's government between 1973 and 1977, has been struck together again. That makes it likely that Dr Garret FitzGerald will lead the next government with Mr Michael O'Leary, the new leader of the Labour party, as his deputy. The arithmetic when the Dail meets tomorrow to elect a Prime Minister is as follows. Out of 166 seats Fine Gael and Labour have 80 and Mr Haughey's Fianna Fail 78. There are eight independent or small party members of whom two are absent being in a British prison. The intentions of the six unattached members who will be there remain uncertain. It is not inconceivable that they may put Mr Haughey back or contrive a stalemate: more likely that they will give Dr FitzGerald his majority of one or two. That would be an electorally just outcome. Mr Haughey chose to go to the country a year early in search of a new mandate. He was not given it. Instead Fine Gael gained 20 seats and polled better than it has since the first years of the state.

Its prospects in parliament in government, Labour fared badly in the election, losing its leader and much of its base in the working-class districts of Dublin. This left the party divided about the wisdom of resuming coalition. Was there not a danger that Labour might

go under altogether if in its weakened state it joined once more in a government dominated by Fine Gael of uncertain duration, and in circumstances which cry aloud for public retractions? These scruples have been overpowered by the attractions of office, or by a laudable desire to get something, if not the whole programme, done, or by the simple impulse to oust Mr Haughey.

Yet the misgivings within the Labour Party may return to plague a coalition government with a majority composed of the prongs of a tuning fork. Harsh economic decisions will be demanded of it, yet its two components have in some central areas rather different notions of economic policy. Fine Gael campaigned on the basis of mild monetarism and a transfer of weight from income tax to sales taxes. Labour campaigned for job creation by public agency, redistributive taxation, food subsidies and more welfare. It took the two party leaders fourteen days to reconcile their parties' positions.

Fine Gael is by a narrow margin the most conservative of the Irish parties, its profile of support if not always in the particular policies it espouses. Labour, though spared the ideological tumult of Mr Foot's party, does have roots in the trade unions and leanings

towards socialism. One of the oddities of Irish politics is the on-off marriage of convenience of these two unlikely partners. It is really a marriage of necessity if there is ever to be anything other than a Fianna Fail government. The Irish system of proportional representation, which strictly restraints from magnifying a movement of votes in the distribution of seats between the parties, affords only small changes in political representation in the Dail. Fianna Fail's position as comfortably the largest party has been undisturbed for nearly fifty years. Minor parties come and go; only Fine Gael and Labour together have the ability to offer an alternative government.

There is also another, more significant element in the paradox. The Irish Times has been asking why in a situation of crisis there should not be a "grand coalition" of the two big parties — "or to put it another way — to ask a perennial question of Irish politics — what really is the difference between Fianna Fail and Fine Gael?" To that perennial answer is their settled policies and ideologies are scarcely distinguishable; the differences being only in the shades taken by their forefathers in the civil war that followed hard upon the Treaty of 1921. It is one of the features about politics in the Republic that Ulster Unionists find unappealing.

they see as the best interest of the country, and what they calculate to be the best immediate electoral interests of their party. Politically it is a fallacious alternative; any politician certainly any politician like Mr Thatcher does not and cannot separate the country's well being from party success and power. Nevertheless, within and outside the Cabinet, there are deep differences of emphasis about how the country's and the Conservative Party's interests should be made to run together.

Sir Geoffrey Howe and Mr James Prior, say, do not quarrel about ends but rather about means, not about destinations but rather about routes. Approach the Government's dilemma of timing by the method of military staff appreciation and one thing is sure. There would be no logic in Mrs Thatcher's profound and abiding commitment to a counter-revolution if she allowed a Footite Labour Party to romp home at the next general election to carry out a further and deeper into British life. Should a change of course be necessary to ensure that she stands a chance of extra-parliamentary time to complete the task she began on becoming leader in 1975, then a change of course there will be.

If the U-turns have fallen out of fashion, then there are also Z-turns; and electorally it is clear where the trimming and shifts will need to be. Unemployment watching is down about the level the trade unions tolerated under the Callaghan regime, because no Conservative government may hope to renew its mandate if nearly three million jobless and their family votes, often in marginal seats, plump for socialism.

The hammering of the private sector must end, especially the national insurance poll-tax on its workforce. The young leaving school and college must be given purpose and hope. Inflation must be curbed and curbed again. Interest rates must be lowered. Home ownership and business enterprise must be encouraged as the Conservative manifesto promised.

In short, the counter-revolution has less than three years to prove itself to the electors, world trade recession or not, and preferably it

must prove itself without resort to high taxation and a public spending spree of the post-war kind. Above all, nothing should be done in a last ditch attempt to touch Mrs Thatcher's integrity, which continues even in rough times to be one of the Government's best assets. After the Wilson and Callaghan years, her tough style strikes responsive chords in most places, at home as much as abroad, and it will go on having its political and electoral value.

Yet let me remind her of what happened in Grantham, her home town, during the 1930s depression, and the part played by her father Alfred Roberts, and his independent Labour colleagues on the borough council. As unemployment rose in the one-factory town, her father and the others searched the country for new firms to take over blighted workshops, and they succeeded. Looking back, I suspect that low rateable assessments were part of the deal, and if so Alfred Roberts, as chairman of the finance committee was probably the prime mover in saving the town's soul until the munitions boom began.

To return the staff appreciation technique even with a by-election certainly to be lost in Warrington and another in doubt at Croydon, at least Mrs Thatcher and her rank and file may offer up thanks to the Labour opposition for its distinguished services to the Conservative Party. If only they did not take such a narrow view of the honours system, Michael Foot, Tony Benn, John Silkin and many others, including the leading Social Democrats, thoroughly deserve to be remembered in the next new year's list.

Yet, with 30 to 36 months still to run before a general election, it would be rash for the Conservative Party to build its electoral hopes on the persisting crass stupidity of the opposition. In the end, the country votes against governments, not for oppositions; and if, when the polls open, "as many voters believe themselves to be suffering from the counter-revolution as there are today," then the socialist revolution led by Mr Foot will still get its mandate. In that event, the Conservative Government will prove to have merely paved the way for the national destiny Mrs Thatcher was elected to prevent.

Right of veto in Northern Ireland

From Sir Andrew Gilchrist
Sir, In his letter (June 24) on Ireland, Mr Peter Jay provides an illuminating and indeed brilliant analysis of American attitudes. The facts of the situation, as seen by us, and will remain irrelevant to the American standpoint.

And yet it is on the basis of the facts as we see them that we have to frame a policy. Will it help us to adopt "a sophisticated approach" which would simultaneously acknowledge the ultimate desirability of Irish unity and subject any steps in that direction to strictly peaceful and democratic tests in both parts of Ireland?

It is possible to turn diplomatic language into English. I would translate Mr Jay's proposal like this: "We tell the Southern Irish and the Americans that we are in favour of Irish unity; and let us tell the people of Northern Ireland that (unless the Protestants become Catholics) we are against it."

In other words, and if Mr Jay's phrase "democratic tests" has its normal meaning, the Protestants in the North are to have right of veto over any policy of unification.

But the Americans will not like this, so Mr Jay hastily corrects himself: the Protestants should not have a right of veto. But Mr Jay perhaps means that the Protestants ought not to have a right of veto? Unfortunately the question of "ought" is irrelevant. The Protestants believe they have the power to veto any move by Westminster towards Irish unification. How does Mr Jay propose to deprive them of it? Not by double-talk and diplomatic ambiguity.

Until we are prepared to use the British Army to suppress the Protestants (the Irish Army is incapable of doing so on its own), the Protestants will retain their right of veto. The question of unification. This may be morally or politically or religiously deplorable, and certainly it is extremely inconvenient and unpleasant for all of us in the rest of the United Kingdom but that is a fact.

We are told that to try to explain such a situation to the Irish lobby in America is a waste of time. Would it not be better to look for a way of ending the British presence in Northern Ireland, who cannot live or govern themselves together, an opportunity to live and govern themselves apart?

Yours faithfully,
ANDREW GILCHRIST,
Basilbank,
June 25.

Electricity resignation

From Sir Francis Tombs
Sir, In the Business News section of your issue of June 23, you reported the decision of the Electricity Supply Board to resign from the Electricity Council. I am sure that I am not alone in being surprised that the Electricity Council should have accepted the resignation of the Electricity Supply Board.

This is incorrect, and I twice made it clear during my evidence that the sole reason for my personal resignation from the post was the decision of the Government not to reorganise the electricity supply industry in England and Wales.

Yours faithfully,
FRANCIS TOMBS,
15 Highgate Close, N6,
June 24.

Lloyd's Bill

From Mr Ronald Comery
Sir, Having lifted the lid on Pardon, the principal author of the Fisher report (letter, June 23) is now splitting hairs over the difference between an apparent conflict of interest involving the public at large (divorce) and involving only members of Lloyd's (divorce).

The basic issue is that the Commons committee is insisting on the inclusion in the Lloyd's Bill of a clause which would set precedent in the general law on insurance. Fundamental matters of public concern, such as these, ought surely to be properly argued in a broader context.

Lloyd's is not alone. Their competitors at home and abroad are not subject to prohibitions such as those proposed in the Bill.

Yours sincerely,
RONALD COMERY,
123 Cannon Street, EC4,
June 23.

Children's Committee

From the Chairman of the Children's Committee
Sir, Last week the Secretary of State for the Social Services made an announcement that he intended to axe the Children's Committee. The committee was set up three years ago to provide advice to the Secretary of State on health and social services for children.

It is the policy of the present Government to reduce the number of advisory bodies and the Secretary of State, in his personal explanation to me and in his statement in the House of Commons of June 11, said that this was the main reason for his decision. Mr Jenkin expressed his warm appreciation of the work we had undertaken.

I feel it is particularly important to set the record straight on this matter because it appears from the report you published on June 12 "Committee on children to be axed" that other members of the Department of Health and Social Security thought that our advice had been ineffective and lacked impact. It is my view and that of all those members of the committee who met today (June 18) for the first time since the decision was made that, as a result of our experience, and on the basis of the widespread interest and support which our work has received, there is an important place for a body such as ours. We shall shortly be publishing an elaboration of this view.

Yours faithfully,
FREDERIC BRIMBLECOMBE,
The Children's Committee,
Mary Ward House,
27 Tavistock Place, WC1,
June 18.

Participation: industry's way forward

From Lord Carr of Hadley

Sir, I would like most strongly to support the plea made by Chris Patten, MP, in his article today (June 26) that the encouragement of greater participation in industry (including the extension of share ownership) should be one of the major and most prominent features in the Government's strategy.

The development of participation throughout British industry has not been given anything like the priority it should have had over the last thirty years. Yet, as I know from personal experience, companies which have persistently over the years given a high priority to the development and practice of participation really do find it much easier to bring about the changes in working practices and attitudes which are essential to restoring the competitiveness of British industry as a whole. I believe the responsibility for action rests with industry itself, with each industry and company free to develop along the particular lines which suit it best. It is also essential that the Government should be constantly seen to be giving prime importance to this subject — as much importance as it is now rightly giving to pay restraint and to setting less and giving positive help wherever possible.

Yours faithfully,
ROBERT CARR,
14 North Court,
Great Peter Street, SW1,
June 26.

Retailing of gas

From the Chairman of British Gas
Sir, I refer to the letter from Mr T. Eggar (June 23). If helping in an attempt to preserve a public service which enables 15 million homes to use with confidence, efficiency and safety Britain's cheapest and most popular source of domestic energy — and which makes a profit large enough both to provide for future investment and to fund research and development — is to be considered, what is the interest, what is the concern of Mr Eggar's constant sniping at British Gas in the House of Commons and elsewhere?

Contrary to what he writes, the Monopolies Commission's report on gas supply retailing was far from clear. It put forward two options for political consideration, two of the six members of the team writing the report expressing preference for the latter. The Commission's report on accounting procedures, while the other four expressed no preference, I understand that not only the corporation and trade unions are against the extreme option of ending out retailing operations, but so too are bodies representing consumers and the private sector manufacturers.

Although the Monopolies Commission has only aroused real parliamentary interest in recent weeks, the corporation, in common with other interested parties, submitted its views on the report to Government last September. This spelled out among other things the need for the retention of the option of customer service and safety and on employment in the corporation. We produced a summary which was sent to many individual members of Parliament.

Between the submissions to Government and a remark on the matter by the Chancellor of the Exchequer on April 5, little or no public attention had been directed at the matter, though the uncertainty created by the lack of any indication of the Government's view was a matter of concern within the corporation.

The Chancellor announced that the Monopolies Commission had recommended selling gas showrooms to the private sector and that the Government was considering what to do. As that stage neither the corporation nor the trade unions had had the promised consultation with Government and the statement caused widespread alarm among employees.

The corporation sought and was given an assurance by Government that no decision had been made on the matter and passed that information on to the unions and employees. In keeping with good industrial relations practice, the corporation has tried throughout to keep its employees informed of management's views on this issue.

At the same time, it has repeatedly stressed, against a background of suggestions of industrial action, the need for all employees to get on with the job. The corporation's public services have been fully maintained during this period. I believe, at least in part, a response to this advice as well as a reflection on the "public" sense of loyalty and public duty of British Gas employees. If everyone who contributed to this debate showed the same sense of responsibility to the public, then we could all be more optimistic that common sense would prevail and customers' interests be put first.

Finally, Mr Eggar has frequently referred, as he does in this letter, to 12m of taxpayer's money. May I plainly state that the money for corporate advertising comes from exactly the same place as it would in a private sector company, from overall revenue. As he knows well, British Gas is providing massive injections of cash into the public purse and is not drawing from it.

Yours faithfully,
DENIS ROOKE,
British Gas Corporation,
Riverside House,
152 Grosvenor Road, SW1,
June 25.

Civil Service dispute

From Mr E. A. Wilkinson
Sir, Canon Bentley, whose letter you published on June 22, from his cloistered address in Windsor, does not do justice to the Civil Service which contains a minority of Christians prepared to turn the other cheek to enable the present Prime Minister to slay it. I do agree that the Civil Service unions, which I am a member, must accept responsibility for the consequences of their actions. But by the very nature of their work they cannot take action against their employer without affecting the life of the nation in some way.

This Government and its predecessors of varying shades of Tory and socialist beliefs have repeatedly set against the agreed procedures for regulating the pay of their employees. They have also refused recourse to arbitration. No Civil Service union has adopted such an attitude. Whatever the outcome of this unhappy dispute, the Government will have ensured that the nation will be served by an embittered Civil Service which will never again be able to put any trust in the word of its political employers.

Mr George Scales, in the same edition of your paper, suggests that the unions should take the Government to court. He does not

BBC external service cuts

From Dr Brendan Halpin

Sir, For the best part of 1972 I was working in northern Somalia, during the period of maximum Soviet presence and influence. At certain times of the week it was impossible to attract the attention of Somalis, whether in the normally bustling market of Hargeisa, in smaller villages or even in the tea-houses which are so characteristic a part of the Somali scene. The reason for this temporary abstraction from work in hand was that all were gathered round their radios, drinking in every detail of the World News in Somali from the BBC.

Faced with such a thirst for our programmes, we are contemplating stopping the Somali service! It seems to be an incredibly foolish thing to do.

Yours sincerely,
BRENDAN HALPIN,
11 Park Street,
Charlbury,
Oxfordshire,
June 26.

The railway age

From Geoffrey Crankshaw
Sir, You conclude your leading article (June 23) on the Government's railway electrification proposals by invoking the memories of Victorian enterprise. But the comparison is invalid. Our more fortunate predecessors relied on private enterprise and risk capital subscribed by a host of enthusiastic individuals, brimming with an energy as yet unshared by the mighty spouse of saturation.

Furthermore, the motorcar had not yet been invented. For the Victorians there was no question of having to compete with a highly organised system of road transport, and any government pretensions to honest management of the taxpayers' money must move prudently before excessive extension of an endemic budget deficit. Your reminder of the Victorian era might well have included some endorsement of its fidelity to the principle of balanced budgets, whose total neglect in recent years has been a main factor in the decline of a country which enjoyed marvellous stability under Victorian Chancellors, whether Tory or Liberal.

Yours faithfully,
GEOFFREY CRANKSHAW,
9 The Avenue,
Ickenham,
Middlesex,
June 23.

Court and chamber

From Mr W. E. Greatrex
Sir, After watching Wimbledon yesterday afternoon (June 25) and then hearing part of the House in session last night, I wonder why the respect accorded the umpires by those attending the matches is not equalled by a similar respect for the Speaker by members of the House.

"Quiet, please" seems so much more powerful than "Order, please". Is it that Wimbledon is more important than Westminster? Or merely better mannered?

Sincerely,
W. E. GREATREX,
The Highlands,
Great Down,
Surrey,
June 26.

Humber Bridge

From Lady Boreham
Sir, How sad that the Humber Bridge should be described by its critics (The Times, June 25) as leading from "nowhere" to "nowhere". When my father was deputy city architect for Hull during and after the Second World War he described the bridge as the salvation of the North-east.

"I don't think Barbara Castle thought of the North-east as nowhere."

Yours truly,
HEATHER BOREHAM,
Pigpen,
Bridgford Lane,
Sevenoaks,
Kent,
June 24.

Pilotage law

From Mr G. E. Garrett
Sir, The problems surrounding the proposed changes in pilotage law will have to be solved, as most problems are eventually solved, by means of rational compromise. That process however will not be assisted by misleading statements such as that contained in the letter today (June 18) from Mr Snook, the Deputy Secretary of Trinity House.

He says: "When the Merchant Shipping Act of 1979 was being debated in Parliament, Trinity House was the only organization concerned to voice reservations about it." This clearly implies that all other interested organizations acquiesced silently in the provisions of the Bill. It is within my personal knowledge that at least three such organizations, viz. the Company of Watermen and Lightermen of the River Thames, the Thames Dock Pilots and Boat Owners Association Ltd, and the Passenger Launch Operators' Group, all actively campaigned, and lobbied the House of Commons committee, for amendments to the pilotage sections of the Bill.

That campaign would have continued on the report stage and in the House of Lords had not the impending dissolution of the Government led to the passing of the Bill without further discussion.

Yours faithfully,
GEOFFREY GARRETT,
73 The Strand,
Walmer,
Deal,
Kent,
June 18.

Ancient and modern

From Canon J. M. Evans

Sir, Ancient and modern (June 25): Though not accepting ASB With "Sundays after Trinity" the Times agrees with it, I see. In always using "You" not "Thee".

Yours faithfully,
J. M. EVANS,
The Vicarage,
Ogborne St George,
Marlborough,
Wiltshire.

David Wood

Conservative strategic dilemma

The persisting argument at all levels of the Conservative Party, from the Cabinet downwards, turns on the strategic dilemma. Let it be numbered as simply as possible.

First, Mrs Thatcher became party leader and won the 1979 General Election on an evangelical commitment to reverse the post-war spread through British life of collectivism and statism, in which she felt her predecessors had colluded.

Secondly, she always knew the Conservative Party would need two full parliamentary quinquennia in power to complete her counter-revolution.

Thirdly, some of the consequences or fortuitous accomplishments of the counter-revolutionary policies — especially unemployment — raise serious questions whether a general election in autumn 1983 or spring 1984 would be winnable by the Conservatives.

Fourthly, unless policies are changed, or appear to succeed in a much shorter time scale than foreseen, they will bring into power far and away the least constrained socialist government that Britain has known.

The dilemma is, then, that the counter-revolution, at least until it is complete and seen to be crowned with the promise of electoral acceptability, creates political conditions for the revolution to flourish when the next general election comes. Nobody ought to be surprised that in such circumstances some cabinet ministers want to press the pace of anti-socialist policies, and others want to temper the policies with pragmatism of post-war conservative kind.

Among Conservatives you sometimes hear the strategic question posed as an alternative. Mrs Thatcher and the Government, it is said, have a choice between what

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Link between
money and
prices, page 16

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Tyneside's
untouchable
ship, page 16

- **Stock markets**
FT Index 540.9
FT Gilt 65.80
- **Sterling**
\$1.9515
Index 94.5
- **Dollar**
Index 108.8
DM 2.830
- **Gold**
\$442.50
- **Money**
3 month sterling 125.12
3 month Euro \$ 182.18
6 month Euro \$ 174.17
Friday's close

IN BRIEF

Labour to fight sale of oilfield

Mr. Merlyn Rees, Shadow Energy Secretary, is to have urgent talks today with his front bench energy colleagues to discuss tactics over the Government's order to British Gas to sell its 50 per cent share in the 120m Wytch Farm oilfield in Dorset.

Mr. Alex Eadie, one of the Shadow spokesmen on energy, said: "It is deplorable. The subject is to bolster up the financial mismanagement the Government has incurred in handling the economy."

"They are stuck for money. It is as simple as that. Because the Government are in a financial mess, they're going to carry out a jumbo sale of the nation's assets."

Mr. Peter Hardy, chairman of Labour's influential Energy Committee, said: "It is absolutely disgraceful. It is another example of the way in which this Government is so concerned and obsessed by dogma that it is prepared to allow national advantage to be disregarded."

Mr. Hardy, MP for Rother Valley, added: "It is an act of political piracy by pirates who are both blind and incompetent, and I hope the Parliamentary Labour Party will pull out all the stops in a bid to halt these developments."

Wool sales decline

Thirteen of 60 leading companies in the wool industry experienced a decline in sales over the last three years, according to a survey by ICC Business Ratios. Import penetration from Italy and America and the recession made the outlook poor.

Grimsby closure

Grimsby's oldest timber company, Bamberg's, originally Marshall's, which has been trading since 1852 closes today with 30 redundancies because the directors say that the timber business is no longer viable.

Increased competition from north Humber-based companies, the opening of a new trunk road through the company's sawmill and a compulsory purchase order are blamed.

Boost for job hopes

A slight improvement in job prospects is suggested today in a survey of 1,334 employers by Vanpower, the job agency. It says more employers are planning staff increases over the next three months than are planning redundancies.

Orion Bank deal

The Royal Bank of Canada will announce today that it has completed the acquisition of the Orion Bank, which specializes in international bond and loan syndications. The bank's name has been changed to Orion Royal Bank.

Shipbuilders meet

Western Europe's shipbuilders, who are meeting in Portugal, say they welcome any efforts to improve maritime safety and pollution control and urge that measures should be enforced without delay.

Fest drills delayed

China will not be ready to all for bids by foreign oil companies to drill in the South China Sea until the first quarter of next year at the earliest, Mr. Wilbur Butler, chairman of Chase Manhattan Bank, said in Peking.

MF oil payments

The International Monetary Fund has paid the equivalent of \$50.5m special drawing rights (\$29.6m) from its oil facility subsidy account to 23 member nations. The IMF did not identify the countries.

100 Leyland jobs go

100 Leyland jobs are to go at Leyland's five of the group's factories around Chorley and Leyland, bringing total job losses to more than 2,000 in the past 12 months.

Spanish car loss

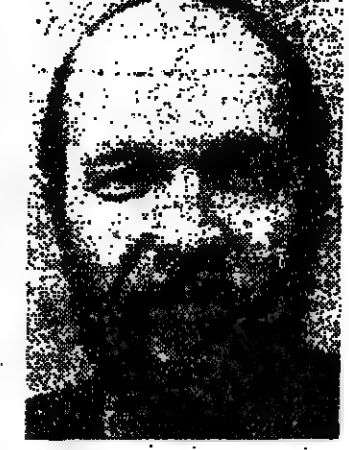
SEAT, the Spanish car company, last 20,500 pesetas (about £112m) in 1980, compared with 15,000m pesetas in 1979.

apan buys bonds

The Japanese finance ministry has bought 487,600m yen (about £1,083m) of national bonds from the Gen-Saki market through public auction.

British economy 'near the turning point'

By David Blake, Economics Editor



Prof Budd: Lower inflation

Britain's economy is near the turning point, with growth of nearly 3 per cent likely next year and adult unemployment set to level off at 2.7 million this winter according to the London Business School. But school-leavers could bring the unemployment total up to 3 million. In its latest *Economic Outlook*, the LBS Centre for Economic Forecasting predicts that inflation will fall to single figures next year and stay there, running at between 8 and 9 per cent a year until 1984.

The forecast, by Professor Alan Budd and Dr Bill Robinson, is the gloomiest yet from the LBS but holds out more optimism for the Government than most other recent forecasts. They expect national output this year to be 1.7 per cent lower than it was in 1980. Unemployment among adults is expected to rise by just more than 150,000 by the turn of the year and then stabilize until 1984, when the forecast suggests the start of a new downturn in activity.

The Government should be able to meet its money supply targets for the next three years and public borrowing is set to fall to £7,300m in 1982 and £5,100 in 1983. But figures for the money supply are expected to be badly distorted by the civil service dispute.

The forecast depends heavily on big gains in productivity holding down costs as output recovers. Manufacturing productivity could rise by 7.1 per cent in 1981, they argue, as output turns up before employment starts to rise. This could mean that unit costs will actually fall, even though earnings are expected to go up by about 9 per cent a year, far higher than the Chancellor wants.

One key assumption which is likely to bring the joy to the Treasury is the claim that far from achieving new cuts in public spending over the next few years, the Government will have to allow departments to spend far more than planned. The forecast assumes that spending stays at its present rate, which means that by 1983 it would be running at nearly £4,000m a year more than the Treasury planned.

Living standards are expected to fall this year and to stay depressed most of next year. From then on they are expected to rise, helped by cuts in income

NEDC meeting looks to Ottawa summit

By Peter Hill, Industrial Editor

Fortcoming negotiations on the renewal of the Gatt Multilateral Fibre Arrangement and the economic summit meeting in Ottawa next month are expected to form a major part of discussions at this week's meeting of the National Economic Development Council.

At the meeting, Lord Carrington, the Foreign Secretary, is scheduled to deliver a paper on the economic considerations of British foreign policy. Much time will be spent discussing international economic issues in the light of the Brundage Commission report, which called for more trade between industrialized and less developed countries. This North-South dialogue will form the basis of another major international economic summit meeting in Mexico in October.

The textiles industry is of much concern to both developed and less developed nations. Europe's textiles and clothing companies, which have been badly hit by the current recession, claim that a growth in the volume of imports from less

BR consultancy eyes 40 projects abroad

By Our Commercial Editor

Transmark, British Rail's consultancy arm, in its latest trading year has raised turnover by a third last year and profits by 43 per cent. It is currently bidding for 40 key railway electrification schemes abroad against the three main competitors from France, Germany and Italy.

And British Rail's electrification expansion programme under its 10-year plan to be submitted to the Government is expected to considerably enhance Transmark's chances of securing overseas orders.

But Transmark's profits expansion is unlikely to make it a candidate for privatization, according to Mr Ken Smith, its managing director, because it is an integral part of British Rail.

Transmark's turnover last year of just over £6m—it was £4.5m the previous year—producing a net profit of £532,000

Changes in defence stockpile will affect commodity trading and mining companies

America goes to market for metals

From Frank Vogl, US Economics Correspondent, Washington, June 28

The United States Government's General Services Administration has concluded a \$78m (£40m) contract with Societe Zairoise de Commercialisation des Mineraux, of Zaire, for 5.2 million pounds of cobalt for the American military stockpile. Changes are taking place in the stockpile that will have significant consequences for metals prices and mining companies.

There are 61 different materials in the stockpile and United States officials suggest that there are serious shortages of 23 of these, such as cobalt, bauxite, nickel, tantalum and the platinum group metals. But the stockpile is said to contain large amounts of some metals, that need not be held.

The metals in the stockpile are worth about \$15,000m, and according to Mr Malcolm Baldrige, Secretary of Commerce, "some \$7,000m of those materials are excess to present national security needs". The plan is to sell

US attacks new tin agreement

From Alan McGee, Geneva, June 28

The text of the sixth International Tin Agreement under the UN Tin Conference has been strongly criticised by the United States and Bolivia.

As the largest consumer of tin, the United States says that the text "does not adequately provide for the central role and assured financing" of the 50,000 tonnes buffer stock—30,000 tonnes from producers and 20,000 tonnes from borrowing, with stock warrants in conjunction, if necessary, with government guarantees.

Under the existing agreement, which expires on June 30 next year, the buffer stock is only 20,000 tonnes and is mainly financed by producers—consumer contributions being voluntary. Under the new agreement financing will be shared equally.

Bolivia, the fourth largest producer, with 15.5 per cent of world output, contends that the new agreement in its present form will do "irreparable damage" to producers and, in the long term, harm consumers as well.

The European Economic Community, having set aside its earlier reservations, told the conference's closing session at the weekend here that the text, as established in the resolution adopted, "organizes co-operation between producers and consumers on a satisfactory basis".

Apart from equal sharing of buffer financing, the new five-year agreement, introduced for the first time a trigger mechanism whereby export controls (introduced by a two-thirds distributed majority when the buffer is at 35,000 tonnes and by a simple majority when it is at 30,000 tonnes) will be automatically modified within the minimal three-month period according to market situation and price.

In voicing the hope that both the United States and Bolivia would, on reflection, see that the new agreement was an improvement on the existing one and decide to join it, Mr Peter Lee, conference chairman and executive chairman of the International Tin Conference, said that despite various objections it was a compromise package accepted by most participants.

Move to tighten rules on bargain offers

By Derek Harris, Commercial Editor

The Institute of Practitioners in Advertising (IPA) is considering a suggestion by the Office of Fair Trading that there should be early amendments to the controversial Bargain Offers Order.

There has been mounting criticism of the two-year-old order which attempted to stop dubious claims by retailers in the furniture, bedding, carpets, consumer electronics goods and household electrical appliances sectors. Mrs Sally Oppenheim, Minister for Consumer Affairs, asked Mr Gordon Borrie, Director General of Fair Trading, to review the working of the order, increasing anxiety over how far some retailers, especially in the furniture, bedding and carpet trades, have been taking advantage of exemptions allowed under the order.

The IPA, which has a working party studying the problem, is campaigning for it to be dealt with by new legislation, either by amendments to the Trade Descriptions Act or a reformulation of the 1974 Prices Act. But new legislation might take up to two years to come into operation.

This is why the OFT is exploring the possibility of amending the Bargain Offers Order as an interim measure. The IPA is likely to turn this down because it believes the framework of the order, depending on the identification of specific practices, is essentially sound.

The IPA is particularly worried by the order's definition of "bargain" which is causing difficulties to reputable traders while the less scrupulous can manipulate it.

Mr Philip Circus, IPA's legal adviser who heads the working party, said yesterday: "These sort of claims against many different criteria have created even more confusion for the consumer than existed before the bargain offers order came in."

Ready-assembled prices can be manipulated by retailers whose main trade is in goods like furniture whose final assembly is done by the consumer. A made-up version of the price can be given a high shop price to make the now-assembled prices seem low by comparison.

Special order prices can be pitched high to give an apparent favourable comparison.

Snag over gas pipeline finance

By Rupert Morris

The Government is to make an announcement this week on funding for the £2,700m North Sea gas-gathering pipeline, although the scheme seems to have run into a last-minute snag.

Whitehall sources confirmed yesterday that the oil companies had not yet committed themselves to financing a share of the project, which would bring ashore gas from 12 fields.

The Government's formula, set out last year, stipulated that a company should be formed to build the pipeline, financed 30 per cent by British Gas, 20 per cent by the oil and petrochemical companies, 30 per cent by financial institutions and 20 per cent by the public. It is still hoped that the

572 miles of pipeline can be completed by 1985.

Only BP, a member of the organizing committee, is committed to the scheme. The other companies, including Shell and Esso, appear to have reservations about the pipeline providing a safe return on investment.

A possible way of persuading the oil firms to back the project would be to allow the British Gas Corporation to guarantee a certain price for the gas to be fed into the system. Sir Denis Rooke, the corporation chairman, is keen to provide guarantees.

But the Government has been strongly opposed to this idea, on the grounds that it would oblige British Gas to borrow more money, which would upset

the Public Sector Borrowing Requirement.

The Prime Minister's personal support for the scheme, however, may eventually persuade the Treasury to sink its objections and allow British Gas to provide the guarantees.

More than £8m has been committed to the project in design work for a terminal at St Fergus and a natural gas liquids plant at Nigg, Bay, in north-east Scotland.

The delay over establishing financial backing for the pipeline has led to some modelling between oil and chemical companies.

Behind all the public arguments and agonizing lies, the fact that the Norwegians may build their own pipeline first, and make deals with companies



Sir Denis: Offering guarantees.

Report predicts rise in jobless despite EEC economic growth

From Peter Norman, Luxembourg, June 28

The European Commission expects that the EEC economy should improve in the second half of this year and then attain a real rate of growth around two per cent in 1982. But in a paper prepared for heads of governments at this week's EEC summit in Luxembourg, it warns that unemployment over the next five years is likely to rise from the present level of 7.7 per cent of the Community labour force.

The Commission believes that production in the Community probably reached its low point in the early months of this year and that there are signs of a recovery. However, in an unusually hard-hitting paper, it warns that the EEC cannot hope that the recovery, which it describes as fragile and uncertain, will lead the European economy back automatically on to a satisfactory path assuring a substantial and durable improvement in employment prospects.

The two-day meeting of heads of government is likely to be more sympathetic to the Commission's warnings on unemployment than previous meetings of the European Council have been. Mr Francois Mitterrand, the new French President, can be expected to place greater stress on social policies than his predecessor did, and the recent "Jumbo" council of social, financial and economic ministers showed that many smaller EEC member states wanted more emphasis to be placed on the problem of the jobless.

The Commission tells the European heads of governments that they cannot simply wait for trends to improve. It says "deep and lasting changes in public policy" are needed before the EEC can hope for a much better economic future.

According to the document, the key issue is to improve the

competitive capacities of the EEC economies and assure their ability to respond to growing markets. Accordingly, investment and saving must be increased. Consumption, employment, and current public spending must be moderated. Investment and employment in energy production and saving must be priorities, as must be the development of industries based on new technologies.

"Present investment trends are not yet on a par with those in the United States and Japan," the Commission said. It laments that while such issues are abundantly debated in Europe, they are not acted upon with sufficient vigour.

Underlying the Commission's gloomy view of the future are preliminary forecasts for 1981 to 1985. The Brussels forecasts put the annual average rate of growth in the EEC at 2.5 per cent between 1982 and 1985, compared with a 2.2 per cent growth rate between 1974 and 1980 and growth of around 4.5 per cent the previous decade.

A modest growth forecast for the next five years means that employment in the EEC is likely to be stable. But an exceptionally fast increase of one per cent per year in the overall size of the labour force can act alone to boost the numbers of unemployed.

son ministers with a 5,000-word blueprint for economic recovery, based on internationally coordinated measures to increase trade and public spending.

The document says: "Mass unemployment, social security cuts, attacks on trade unions, monetarist dogmas, spreading protectionism, violence by extremists, increasing arms expenditure, growing international tensions—the parallels to half a century ago are deeply ominous and must not be ignored."

The European trade union movement is convinced that economic recovery holds the key to overcoming the crises our societies are enduring, and that internationally coordinated measures are required to achieve this recovery."

The ETUC admits that no one country can act alone to reflate its economy for fear of sucking in imports and endangering the balance of payments. But if the European economies act together then the results can be very different because one country's imports are of course another's exports. The best solution is for the industrialized countries as a whole to act together—but western Europe is big enough to act alone, the report says.

The ETUC put forward six key demands:

Governments must intervene to ensure that there is much more investment;

Job creation and training schemes must be strengthened;

Working time must be reduced significantly;

Aid to developing countries must be increased substantially;

There must be a fair sharing of the burdens of change;

Inflation must be tackled with socially just policies, and not through unemployment.

Forecast of 7 per cent US inflation

From Our US Economic Correspondent, Washington, June 28

American inflation is likely to be close to 7 per cent in 1982 and this may be too cautious a forecast according to a senior Washington economist.

Mr Lawrence Kudlow, chief economist at the United States Office of Management and Budget, said: "People will be very surprised at the pattern of inflation rates in the next two years."

Mr Kudlow said that 5 per cent real economic growth was an attainable goal for 1982 for the United States. He noted, however, that some delays in implementing the tax cuts and some reduction in the size of these cuts might result in real growth falling short of this level.

He said there was no doubt that the United States would achieve 31 per cent gross national product growth in each of the next three years, but the challenge was to ensure that the "greater growth was realized."

The forecast is based on Mr Kudlow's conviction that monetary policies will be held tight, with the Federal Reserve certain to reduce its money growth target and on the attainment of public spending restraint. He said the latest budget, which the Congress were particularly encouraging.

Mr Kudlow, a former Wall Street economist, said that attitudes concerning the inflation outlook, which influence interest rates, were improving as a result of President Reagan's success in Congress. A clearer change in attitudes is likely to surface only when states focusing public spending restraint have been selected.

He warned that a substantial premium may continue for some time in interest rate levels over inflation rate levels because of high government credit demands and low private saving.

Mr Kudlow, who together with the budget director, Mr David Stockman, played a major role in drafting President Reagan's economic forecasts in February, said he had seen no evidence to suggest that state and local governments will raise taxes as the Federal Government reduces federal taxes. He is optimistic that the overall scale of public finance, as a percentage of gross national product, will fall in the year ahead.

Mr Kudlow is not at all impressed or influenced by the talk by some Wall Street brokers of record high interest rates developing soon and of new bouts of severe inflation. He said the Administration had enormous support in the business community.

Mr Kudlow acknowledged that the Administration would seek more spending cuts in next year's budget battles. The low rate of inflation in 1982 of possibly 7 per cent could tempt Congress to relax its added, and so fail to approve all the necessary cuts.

ANGER AT BURBERRY JOB CUTS

By Our Industrial Staff

The decision of Burberry, the raincoat manufacturer, to make about 250 people redundant at its factory in Blyth, Northumberland, has aroused deeper concern than other firms in the area could follow suit.

Mr John Ryan, Labour MP for Blyth, has asked Sir Keith Joseph, Secretary of State for Industry, for details of how much development grant was given to Burberry.

He is concerned that Burberry is not alone in having taken advantage of Government grants and then made large numbers of people redundant as soon as times became harder.

Blyth's special development area status was cancelled last year, so that firms can claim only 7.5 per cent, instead of 22 per cent, aid for investment.

Mr Ryan said that Burberry's decision had been announced without any consultation.

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Profit after tax	423	246
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MANUFACTURERS AND DISTRIBUTORS OF SAFETY & SPORTS FOOTWEAR

BY THE FINANCIAL EDITOR

SDRs come out of the shadows

Ever since special drawing rights were dreamt up some 13 years ago as a supplementary reserve asset to the strong currencies, they have failed to break out of the confines of central bank transactions and the occasional dealings of the International Monetary Fund. Until early this year the use of SDRs in private transactions was virtually unknown. SDRs never succeeded in this "paper gold" role, partly because the problem of the world liquidity shortage which so dominated international monetary thinking in the 1960s disappeared with the emergence of huge United States and United Kingdom current account deficits and partly because the breakdown of the fixed exchange-rate system and the rise in the price of gold, to which SDRs were first linked, added a new element of volatility to their value.

In the past year, the IMF has made a concerted effort to make SDRs more attractive as a reserve asset and judging by the development of SDR markets in the private sector, already this year this has met with some success. The major breakthrough was undoubtedly the simplification in the method of valuing SDRs away from the previous basket of 16 currencies to just 5 major currencies. Not only does this make SDR rates easier to calculate since the exchange rates of the currencies in the new basket are being set throughout the day, but with well-developed domestic and Eurocurrency markets, SDR interest rates can also be calculated more satisfactorily.

Originally designed with the more limited aim of increasing the role of SDRs as an official reserve asset, the changes have had more impact on the commercial market with an increasing acceptance of them, especially in the Eurocurrency market. Although statistics are hard to come by—one estimate puts the size of the SDR market in London at upwards of 5,000m, which could be a little optimistic—there is no doubt that the volume of time deposits, certificates of deposit, bonds and syndicated credits (Ireland jumped on the bandwagon last Friday with a 90m SDR loan) has grown significantly.

Earlier this year, seven major international banks in London decided to establish a market in SDR certificates-of-deposit and more recently some banks introduced SDR current accounts to facilitate the settlement of SDR transactions. Last week, the London branch of the First National Bank of Chicago took another initiative in trying to enhance the role of SDRs with a number of services aimed at developing the secondary market in SDR certificates-of-deposit, which are estimated to make up perhaps a tenth of the London SDR denominated market. These services include the provision of short-term loans in SDRs to help finance trading and investment in the certificate-of-deposit sector of the market and eliminate the exchange risk and the establishment of a clearing centre for SDR CD paper.

For some time it has been apparent that the difficulty in liquidating SDR paper has been a major disadvantage to private investors, illustrated by the wide buy-and-sell quotations in the market. First Chicago argues that an active secondary market will provide investors with the liquidity and depth that any active market requires to develop.

All this activity does not mean that SDRs are suddenly going to take off. Already there have been some signs that the market has been hit by the strength of the dollar which makes the presumed stability of SDR less attractive. And there are plenty of practical problems for the banks like the extra cost, compared with the European Currency Unit, of covering forward open foreign exchange exposure when SDR positions are unmatched. So it is likely that the market will only ever be able to deal in quite large amounts.

Gold A temporary setback

Gold's fall from \$668 an ounce last October to \$444 on Friday has been virtually unbroken. No more is there talk of its reaching \$1,000; instead thought is being given to the unthinkable: that gold could collapse below \$400, a level at which the profitability of many miners would be impaired. In the relentlessly downward pointing trend of the charts it is to be believed, the pessimism is justified.

The argument for a continued weakness in the gold price, if not a further decline,

is well rehearsed. Previous expectations were exaggerated; high interest rates and yields from Government securities have blighted gold as they have equities; the new-found strength of the dollar has revived faith in the currency; and gold shares the general malaise of commodity markets.

Not all these factors have coincided or been equally important over the past six months or so. But they have clearly been sufficiently powerful in whatever combination—to neutralize such political crises as might have encouraged the metal. Indeed, it is remarkable that the gold market has apparently taken no cognisance of the impending Congress of the Polish Communists, now barely a fortnight away.

Fortunately, while political disasters may be sufficient to reverse the gold price trend, they are not necessary. Gold may have lost its attraction as an investment, for the moment at least, but its price is supported by its after-ago of a commodity. Gold has a production cost and fabrication rather than investment or central bank purchases is the biggest constituent of demand.

Inflation should also put a floor below gold. There does appear to be a rough correlation between the general price level and the price of gold, although it is not one which allows for accurate forecasts. If the great surge in the gold price during the 1970s was in part a response to gold's being artificially restrained for half a century, the current decline cannot ignore inflation for ever. Anyone with a bit of patience who takes a long view of gold now is unlikely to be disappointed.

Like the humble p/e ratio before it, the reverse yield gap is now under attack as a valid investment tool. W. Greenwell & Co, the stockbroker, argues that the gap—the yield on long gilts minus the average yield on equities—has become a fickle indicator of equity market cheapness or dearth.

The gap currently stands at over 8 per cent, the level at which some analysts traditionally argue that share prices have reached a notional ceiling. But Greenwell points out that the gap was also about 8 per cent at the end of 1975 in the intervening period the equity market has doubled.

Therefore, the notion that the level of the yield gap is a good long-term measure of whether the equity market will rise or fall is not supportable in Greenwell's view. The firm advises investors to pay no heed to its present high level, declaring that equities may be held in check by high interest rates in the short-term, but that shares will begin to rise again on the resumption of earnings and dividend growth or when interest rates begin to fall.

Unfortunately, Greenwell does not commit itself to a forecast on when the latter development may occur, although it does see economic recovery permitting the flow through of inflation into higher earnings and dividends in 1982.

Property Rate relief in prospect

It is an open secret that the Government plans to bring in a bill this autumn to control local authority rates in time to catch increases threatened from April, 1982. For leading property companies, action will come not a moment too soon. Profit-starved companies are reassessing accommodation needs at a time when rents are already falling behind inflation. Such rents are customarily reviewed every five years, but rates (and service charges) normally go up every year.

In Edinburgh, according to surveys Debenham Tewson & Chinnocks, rates have already caught up with rents, and in the south the new Greater London Council has ambitious spending plans that must be paid for by somebody. Most quoted property companies have portfolios weighted towards Central London. In the City prime rents are now on average £24 a square foot and rates £13.70. Service charges could well be £4. It is, of course, the total accommodation cost that matters to a would-be tenant.

Some observers maintain that foreign banks and multi-national companies have the money to pay, and indeed find that London is not the most expensive of capitals. If the Greater London Council curbs office development, scarcity will speed up the rise in rents as happened before in the days of Mr George Brown. If rates can be curbed, perhaps they will turn out to be right.

The pivotal assumption in the Government's economic policies is that there is a link between money and prices. If no such link exists, the intellectual case for the emphasis on money supply control is shattered. Indeed, it is hardly an exaggeration to say that the validity of monetary policy as a cure for inflation is the most lively political debating point in Britain today.

Despite this, surprisingly little attention is paid to the facts. The omission is all the more remarkable because the relevant data are readily available in well-known official publications, such as *Economic Trends* and *Financial Statistics*.

The focus of monetary policy is sterling M3, an aggregate which includes notes and coins in circulation with the public and all sterling bank deposits held by United Kingdom residents. Nevertheless, we will instead use "M3" comprised of sterling M3 and foreign currency deposits held by United Kingdom residents. The reason is that foreign currency deposits have become steadily more important owing to Britain's growing international financial connections and the abolition of exchange controls in October, 1979, they are just as much "money" as sterling deposits.

Money supply statistics were first compiled in their present form in 1963 after a recommendation in the Radcliffe report of 1959. We will take the fourth quarter of 1963 as our starting point and finish in the fourth quarter of 1980. The dates have not been selected to produce a required result, but to correspond with the longest time-span of comparable figures.

However, this evidence is

MONEY AND PRICES 1963-80

	Average annual % rise in money supply	Average annual % rise in gross national product (at market prices)	Value of velocity of circulation at end period
At 4th quarter 1963			2.86
From 4th qt. 1963 to 4th qt. 1967	6.6	6.3	2.83
From 1st qt. 1968 to 4th qt. 1971	8.1	7.4	3.09
From 1st qt. 1972 to 4th qt. 1975	19.0	17.4	2.92
From 1st qt. 1976 to 4th qt. 1980	17.0	19.9	3.23
From 4th qt. 1963 to 4th qt. 1980	11.8	12.5	3.23

The velocity of circulation is the ratio of GNP at current market prices, seasonally adjusted and expressed at an annual rate, to the quarterly average of monthly money stock seasonally adjusted.

Sources: *Economic Trends* 1981 Annual Supplement and May, 1981 *Financial Statistics*.

Over the 17 years the money supply rose 6.61 times or at an annual rate of 11.8 per cent, while gross national product (at market prices) went up 7.46 times, equivalent to an annual rate of 12.5 per cent. The retail price index notched up an average increase of 10.0 per cent a year and was just over five times higher in late 1980 than in late 1963.

The basic premise of monetarism is that there is a stable relationship between the rise in the money supply and in money national income. As the underlying growth rate of output is set by "real factors", such as technological change, an increase in monetary expansion adds to inflation.

In fact, the rate of output growth seems to have varied little over the 17-year period at about 2 per cent a year. A monetarist would not be surprised, therefore, if money supply growth of about 12 per cent a year was associated with inflation of about 10 per cent. That was more or less what happened.

However, this evidence is

duct averaged 6 to 10 per cent. In the two later sub-periods, 1971-75 and 1975-80, annual money supply growth was typically 17 to 19 per cent and the annual increase in gross national product was 17 to 20 per cent.

The period divides neatly into two halves—the moderate money growth and moderate inflation 1960s and the high money growth and high inflation 1970s. Again, a monetarist would not be surprised. The evidence conforms closely to his expectations.

There is another way of stating the facts. To say that changes in the rate of inflation were related to changes in the money supply implies that the speed at which money turns over in the economy—or the velocity of circulation—is roughly constant. Any deviation in velocity from its long-run equilibrium value should, sooner or later, be reversed.

In the last column of the table we show the value of the velocity of circulation. It has altered over the seventeen years, being 13 per cent higher at the end of 1980 than at the end of 1963. But this 13 per cent change has to be compared with leaps of 561 per cent in the money supply and 646 per cent in gross national product.

There is much scepticism, frequently expressed, and widely shared, about the relationship between money and prices. The doubters will probably protest against the evidence presented here that it is too simple. Because it lacks the rigour of a full-scale econometric model, it is unsophisticated and unconvincing.

In fact, numerous highly elaborate statistical tests on the demand for money (ie,

people's desire to hold notes, coin and bank deposits) have been carried out in universities, the Bank of England and the Treasury. Until 1973 nearly all such tests showed that the demand for money was stable, confirming the view that higher monetary growth results in higher inflation.

Since 1973 the econometric work has drawn less emphatic conclusions. This may be because high inflation and high money growth have been too recent since the Barber boom, hindering the identification of underlying trends.

But the most recent in-depth study, in a Treasury paper on *The Role of Money in Determining Prices: A Revised Form Approach*, by Simon Wren-Lewis, concluded that "Generally we could accept the strict monetarist proposition that a 1 per cent change in money would lead to a 1 per cent change in prices in the long run, with the main effect coming after a lag of between six quarters and three years." This important work on the most politically sensitive subject of the day has had no publicity, although within this is a comment on the Treasury or the media is unclear.

The Government's critics may dismiss the similarity between money supply and price level changes as a fluke. But there are two kinds of flukes—those which are impressive and interesting and those which are not. Those who advocate monetary methods of deflating inflation have an obligation to point out a statistical "fluke" of comparable consistency and regularity.

Tim Congdon

Tyneside's untouchable warship

The Kharg, moored peacefully since being finished 18 months ago.

In the wake of the disclosures by Mr John Nott, the Defence Secretary, over the future shape of Britain's armed forces both the Royal Navy and the Ministry of Defence are studying just how they are likely to be affected.

It is debatable that nowhere is the scrutiny greater than in a shipbuilding centre like Tyneside, the home of Swan Hunter Shipbuilders. In the past it has been used to steady flow of Ministry of Defence orders to supplement its merchant ship contracts.

Unfortunately, the flow has dried up and it is well over two years since Swan Hunter's last warship order, HMS York, a "stretched" Type 42 guided missile destroyer.

But if the shipyard books are desolate, on the surface at least, the Type is rich. On a mile-long stretch of the river near Wallsend three ships with a total contract price approaching £600m are moored.

Two country Swan Hunter's only other Ministry of Defence buildings,

the second and third in the Invincible-class anti-submarine carrier programme—HMS Illustrious and HMS Ark Royal. The third, lying nearby between the two completed ships, is in fact, being finished for nearly 18 months.

She is a 5,400-ton fleet support ship, the Kharg, ordered for the Imperial Navy by the late Shah of Iran more than five years ago.

She was launched by Princess Margaret, the wife of the Shah, in 1977, but has since languished, unwanted and unloved by everyone except the Iranians—and even they now appear to have deserted her.

When it finished the advanced 20,000-ton vessel the shrewd, conscious that it might find itself with a political hot potato, washed its hands of the ship and has steadfastly refused to have anything to do with her ever since.

Swan says that the Kharg has been built, paid for, and delivered according to contract and that is the end of its

involvement. So great is the company's unwillingness to touch the untouchable that when the Kharg's berth needed dredging a few months ago, seamen from HMS Exeter, who had been in dry dock at South Shields, were called in to move her.

In order to render the company immune from future claims should the Iranians ever come back for their ship, Swan Hunter employees are forbidden to go on board.

That means that the only people to go on board the deserted craft these days are members of the Type Harbour Master's staff who are periodically obliged to renew her mooring wires when they chafe through and part.

Meanwhile in Whitehall, the Government's official position according to the Department of Trade is that there has been no change in the status of the ship and an export licence is still "under consideration".

The Kharg is classed as a man-of-war though her heaviest armament is an Oto-Melara 50mm automatic gun—

but that classification means that she has to have an export licence before she can sail.

The Government started to consider the question of the Kharg's export licence at the time of the Iranian hostage crisis and has continued to do so following an agreement in April, 1980, by European foreign ministers to suspend sales of military equipment to Iran.

There is no question of the Iranians not wanting their ship. They have applied for the licence, even asked Britain of acting "shamelessly", saying they need the vessel to press their war with Iraq, and have even threatened court action. But as the United Kingdom has broken no law, the Iranians can only, for the time being at least, stand by while their property deteriorates.

A caretaker crew of about 200 Iranians grew tired of waiting and went home in September after first "mothballing" the ship and its equipment.

Richard Capstick

China rediscovers free enterprise

China has just rehabilitated some 700,000 former small businessmen who were denounced by the Maoist regime as capitalist exploiters. This is part of a wider reshaping of economic policy which has taken place under the pragmatic influence of Mr Deng Xiaoping, Vice-Chairman of the party.

Material incentives, individual initiative and inequality are now accepted as necessary engines of economic development. The ideological fervour with which Chairman Mao tried to drive the cumbersome machinery of central planning inherited from the Soviet Union is now recognised as inadequate. Egalitarianism has become an "anti-socialist error" and official doctrine proclaims that it is no sin to get rich.

"Facts have proved", a recent article said, "that it

amounts to sheer illusion to suppose that socialism can be built by deliberately preventing people getting rich. It is equally absurd to maintain a low level of income for people in relatively prosperous areas or to prevent a possible polarisation of society."

Not that anyone in China is in much danger of becoming rich. Annual income per capita is \$256 and not expected to exceed \$1,000 even by the year 2,000. Growth rates are not promising as a new report by the World Bank points out. China remains fairly backward in most of its industries, commerce in its administration, and astonishingly inefficient in its use of energy.

However, the new pragmatism at least holds out some hope that the largely misdirected and stifled energies of the Chinese will now be

harnessed to better purpose.

This pragmatism is not, of course, a new intellectual discovery. Mr Deng Xiaoping was pressing for something like these policies as far back as 1961. It does not, he said, matter whether the cat is black or white as long as it catches mice. He was branded a "capitalist road" for his pains and fell periodically out of favour with his boss.

After his fall in 1976, another Vice-Chairman, Mr Chen Yun, now influential at the age of 75, was calling for greater reliance on market forces and a mixture of private and state ownership in agriculture. It is only since the death of Mao and the ascension of his followers that these men have been able to start putting the ideas of their youth into practice.

Much of the talk is very

similar to that of Soviet and East European reformers of the 1960s as they cast around for ways of introducing elements of market discipline into the system. But the Chinese solution is somewhat different, at least as it is explained to visiting journalists.

The essence of the reforms now being introduced is that enterprises must first meet quotas set up by the planning authority, but will then be free to plan and market the rest of their production as they wish. Whereas the Soviet system offers little incentive to over-fulfil norms, because this merely causes them to be raised the following year, the Chinese say that they will deliberately set the quotas some 20-40 per cent below total production capacity so as to leave enterprises plenty of scope for free enterprise.

About 6,000 enterprises are now said to be taking part in this experiment; and they are given eight rights which include the right to keep 15-25 per cent profits made outside the state plan, to expand production with their own funds, to market part of their production directly, to keep some of their foreign exchange earnings for the import of foreign technology or raw materials, to decide their own bonuses within a range approved by the state, and to penalize those who cause heavy losses to the state, including directors and party secretaries.

A somewhat similar system is applied to agricultural communes. The production teams, which remain the basic units, can break themselves down into smaller groups, even individual families, and work on a sort of contract system. This leaves them with considerable freedom to organize their time as they wish, to decide on the best crops to plant and to work for themselves when their quotas have been met. In addition, private plots can now take 15 per cent of the land, instead of 7 per cent.

A commune I visited near Chengdu, in the prosperous Sichuan province, consisted of 7,200 households organized into 114 production teams. Before 1978, I was told, all workers were paid the same regardless of what they produced, so many took no interest whatever.

Under the new system targets are set for groups or households, but everything produced above these targets goes into something like a free market. Small private enterprises are now encouraged in the towns as well as the country, and are multiplying. They employ up to two people besides the

family. This is widely welcomed by consumers who have suffered badly from lack of small service industries, such as tailors and repair shops.

Officials claim that the results of the new system are already encouraging and that output of enterprises included in the new experiment increased last year more than that of enterprises outside it. Profits delivered to the state rose by 7.4 per cent. However, the economy is in trouble. There has been a bad famine south of Peking and United Nations help has been requested. Reports of poverty come from areas of the north. Inflation is rising and unemployment is said to affect about 20 million out of an urban workforce of less than 100 million. Unions and so-called "black" markets have also been reported.

The first attempt of the pragmatists to rush into industrial expansion with foreign help has had to be sharply cut back. Capital construction has been cut by about 40 per cent and orders worth about \$2,000m have been cancelled. Half-finished projects have ground to a standstill, leaving machinery rusting in the open.

There was, in fact, a massive miscalculation of China's part. Few proper feasibility studies were made; estimates of oil production turned out to be grossly inflated; and no one properly calculated the infrastructure required to make proper use of these huge projects.

A steel works supplied by the West Germans, for instance, is working at only about 30 per cent of capacity because of a shortage of electricity. Other lines of thinking are now beginning to look right, with the emphasis on light industry, agriculture, communications and energy, but there is still a huge shortage of skills and experience.

Clearly, it is going to be a long time before China's 1,000 million people develop the commercial skills which places like Hongkong, Singapore, and Taiwan show that they have in them.

Perhaps we should all be selfishly grateful to Chairman Mao for holding back the mainland Chinese for so long and thereby delaying the terrifying impact which they could have on the world economy.

Richard Davy

Business Diary profile: Accounting for Joseph Connor

As President Reagan resumed the struggle to get his tax changes through Congress, his first hundred days having been interrupted by John Hinckley's bullet, he had—and has—his unlikely supporter in Joseph Connor.

It is not in itself unlikely that Connor, as chairman and senior partner of America's biggest accounting firm, Price Waterhouse, should support a pro-business Republican.

What is unusual, however, is that Connor should be so outspoken, so public a supporter, for in the United States, as to an even greater extent here in the United Kingdom, the tradition is that accountants speak their minds only behind closed doors.

Not so Joseph E. Connor. He, too, like the top man in the other seven of the big eight accounting firms, shuttles between New York and Washington to testify before Congressional committees on the technical aspects of tax bills.

P. W., alone of the big eight accounting firms, have such a policy, since he became chairman three years ago he has made Price Waterhouse the only one, in the words of the firm's glossy brochure "to speak out as a firm on broad issues of public policy."

This Connor, a 50-year-old Pittsburgher, does in articles, in interviews and in speeches at home and abroad.

Connor is no chatterbox. Babbler, but a mild-mannered, soft-spoken rather owl man. The subject that most animates him is an accounting issue, and one that strikes a chord throughout the West—accounting for inflation.

Connor was elected to the policy-board of Price Waterhouse at the start of the period of oil price inflation, but it was not for another five years that he was to become chairman and was thus able publicly to argue for the changes he sought.

What is the biggest accounting issue, right now, in the whole world? he asks. "It's clear to me. How do you account for inflation?—and nobody's doing it."

"It's a tragedy that accountants didn't step up to the problem 20 years ago. In the United States during the 1960s there was a go-go mentality. Part of the problem with American business management has been that their attention has been focused intensely on short-range results—next



The frontiersman of American accountancy: Joseph Connor, chairman and senior partner of the United States firm of Price Waterhouse & Co.

quarter's earnings, OK? "Now I think what we have to do in accounting is to tell the story straight and consistently."

He says that the reaction from PW clients to "going public" has given him "one of the better moments of my life."

Though some clients did and still do have reservations, Connor says, none of them cancelled. Other accountancy firms shy away from his opinions and his willingness to make them known.

"We are the only firm which is now pushing to include inflation in primary financial statements," he says. Like the President, Connor made his name in the West before reaching his apotheosis in the East. The son of a broker, Connor read political science at the University of California and then at the Columbia postgraduate business school. He took some accountancy classes ("I thought I'd better learn something that I might earn a living at") and on leaving in 1956 joined PW in New York.

Between 1972 and 1976, however, he was in Los Angeles as partner in charge of Price Waterhouse's four Californian offices. He then had a spell as managing partner running the 18 PW offices in the Anchorage-Honolulu-Denver triangle.

In California he was "engagement" partner—that is, he signed "Price Waterhouse" to the accounts of Caterpillar, MCA and Soconyl, by the way. Though he no longer signs their books, Connor still stays close to these major clients.

Again, like the President, Connor has hatched his horse to some unexpected rails since

his Californian days. In Zurich, for example, he spoke this year to the Swiss-American Chamber of Commerce on "Overcoming barriers to international trade and investment."

His gravamen was that although it looks as if Reagan wants to maintain a neutrality to the growing tide of foreign investment in the United States, he will have a hard ride in Congress if European governments continue to discriminate against American investment in and exports to their countries.

Back home, whether addressing the American Banking Institute in Chicago or sharing the platform with senators at American Mining Congress in Phoenix, he preaches other messages.

Why should there be any distinction in tax terms between earned or unearned income, he asks? The United States, he says, has "probably the world's most complex tax system."

Connor has been speaking his mind for three years now: he has three years of his chairmanship to run and can be elected for a further five-year term.

If he is re-elected, then his belief in speaking out will have been vindicated publicly—and even if he is not, Connor probably would not regret a single syllable.

Ross Davies

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THE RECORD SPEAKS FOR ITSELF

Norcros rises to £22m

By Catherine Gann

Engineering, construction and consumer goods group Norcros reports pretax profits of £22.4m for the year to March 31.

This is in line with market expectations and compares with profits of £19.2m in 1979-80. Sales rose from £28.5m to £31.1m during the year. Mr Ken Roberts has succeeded Mr John Sheffield as chairman.

As forecast at the time of the rights issue, the final dividend has been maintained at 5.09p gross on the increased capital, after a 2.8p gross interim payment.

Most of the profit improvement came from international operations, which contributed £9.5m against £7.4m. They include businesses acquired

when Norcros bought Johnson-Richard Tiles in 1979.

Here, engineering recovered from the strike and losses of £337,000, to make £3.84m, in spite of tough trading conditions. Construction also improved, largely by chasing the refurbishment market in the absence of new building contracts, and made £5.04m against £4.77m.

Consumer products raised their contribution by £1m to £5.67m, in spite of losses of more than £1m at Hygena, which has seen more remedial action and is expected to lose less money this year. It last made money in 1973.

The turnaround in engineering profits was offset by a £3.5m drop in print and packaging

profits, to £3.02m. An improvement in those markets is hoped for later this year.

Capital spending of £32m is planned over the next year or so, with overseas operations taking £21m of that. Group borrowings will rise again to help meet that, from the year-end figure of £26.6m net of £6m cash, against net debt of £32m a year earlier. Interest costs last year were £6.4m against £5.5m. The £11.1m rights issue proceeds were partly used to meet a £7.2m net cash outflow from the group in 1980-81.

Disposal and redundancy costs during the year of nearly £3m are shown as extraordinary items. The management structure has been reorganised since January.

The opportunities offered by the fall in sterling's value

Brokers' views

The equity market is back in the doldrums, now that the economic recovery hopes that fuelled the spring surge in share prices have proved premature.

Stockbrokers, however, have not completely abandoned their inherent optimism, judging by the latest batch of recommendations to clients from leading firms.

Henry Cooke, Lumsden, for example, points out that although recovery hopes may have been deferred for six months, at least the United States' economic outlook is steadily improving. And it adds that renewed support for the United Kingdom equity market should appear in late autumn, as the British industrial scene shows more obvious improvement.

In the meantime, Cooke, Lumsden believes that sterling's current weakness, particularly against the dollar, offers trading opportunities for a wide range of groups and suggests nine companies whose shares should be bought.

Allied Colloids, a producer of specialist chemicals, heads its alphabetical list. This group exports 75 per cent of its products and suffered a profit setback of 45 per cent last year. But the broker suggests that with the current oil surplus, the weakness of sterling and the interest rates looking to have peaked, Allied looks well placed for 1981.

James Capel is urging clients to buy Bowater, the paper, packaging and building products group, which carried out major rationalisation of its United Kingdom operations last year while achieving a substantial improvement in profits from North America.

Capel believes that the world economics of pulp and paper

manufacture have shifted heavily in favour of Canada and the United States, mainly as a result of low wood and energy costs. American wood can, in fact, be 50 per cent cheaper than in many parts of Europe and Asia.

Bowater should be an important beneficiary of this shift, with capacity in the United States and Canada to produce nearly two million tons of pulp and paper. Capel thinks the company is well placed to achieve substantial profits growth over the next few years.

Strauss Turnbull thinks that the demand likely to be stimulated by the royal wedding for Wedgwood's fine china products is but one of many reasons why the group's shares should be bought.

Quilter Hiltan Goodison advises clients to buy shares in Property Holding & Investment Trust and also to take up the recent rights issue of 33 per cent convertible loan stock. It expects profits to rise by 34 per cent to £3.5m this year and sees further steady profits growth as rent reviews and conversions come through.

Gittins likes the look of Brunning, the advertising and marketing group, which diversified into caravan distribution, printing and boat building. It says that recent sales of the group's Maidenhead premises has produced an extremely strong balance sheet and that the shares look exceptionally good value given the current high yield.

Richard Allen

Through a glass darkly at Scottish & Newcastle

This week

Scottish & Newcastle heads this week's list of trading statements, which is shorter as the summer holiday season gets into full swing.

In a period when beer sales continue to fall and two of the leading brewers have just announced further price reductions, thereby increasing the already fierce price war, the figures are likely to arouse a considerable amount of interest.

Also reporting this week is insurance broker Miner Holdings which weighs in with first quarter results on Friday.

It is a thin week for economic statistics. The week gets under way today with the quarterly analysis of bank advances for mid-May from the Bank of England. This is followed on Wednesday by the advance energy statistics for May from the Department of Energy.

Scottish & Newcastle's full year profits, due out on Thursday, are expected to reflect the continuing fall in demand for beer and the fierce competition that has followed.

At the halfway stage the group reported pretax profits down from £22.6m to £19.3m



Mr Peter Balfour, chairman of Scottish & Newcastle Breweries.

on sales up from £239.8m to £277.3m. Analysts expect little improvement during the second half with estimates ranging from £30m to £36m compared with £39m last time. Nevertheless, the dividend looks safe and the betting is

on a maintained payment of 4.1p gross.

TODAY—No Final: Brent Walker, British Cinematograph Theatre, Brown & Tawse, Country Gentlemen's Association, Hazlewood Foods, Arthur Holden & Sons, London & Liverpool Trust, Munro Bros and Regal Properties.

TOMORROW—No Interim announced. Final: BET Omnibus Services, British Tea Products, Courts (Furnishers), Sunlife Speakman, Textured Jersey, and Wertheimpton Steam Laundry.

WEDNESDAY—Interim: Baranquilla Investments, Reti Bros, Burns Anderson, Granada Group, and Robert Kitchen Taylor. Final: Avana Group, Northern Telegraph, Jacksons Bourne End, Stead & Simpson, and Technology Investment Trust.

THURSDAY—Interim: Birmingham Pallet Group, Bunnell-Fernandez Holdings, and Thermal Syndicate. Final: Bromsgrove Castings & Machine, Centrovital Estates, General Electric, NCC Energy, and Scot & Newcastle.

FRIDAY—Interim: Mins Holdings (first quarter),

Stonehill slumps to £615,000

Stonehill Holdings' pretax profits crashed to £615,000 in the year to March 29 last—less than a third of the previous year's record of £2.04m. Turnover, too, was lower at £18.54m, compared with 1979-80's record £21.19m.

However, the total dividend of the group, which makes domestic furniture, is being maintained at 12.14p gross. The chairman, Mr Philip Steinberg, points out that the latest results were achieved at a time when many in the furniture industry were incurring substantial losses. "The maintenance of our dividend illustrates the strength of the company and our confidence in the future."

Braid is almost breaking even

On turnover down from £22.1m to £17.96m, the Braid Group's pretax loss increased from £180,000 to £224,000 in the six months to March 31, 1981. However, the chairman, Mr Denby Bamford, explains that

of the first-half loss, no less than £82,000 was incurred in the first three months, before the measures that have been taken to eradicate losses had had time to show results.

In the second quarter, the loss was cut to £42,000 and the group is currently trading at near to break-even point at the pretax level. No interim dividend is being paid; shareholders in this group of vehicle distributors did not receive any ordinary payment for 1979-80. Mr Bamford will be disappointed if the group is not trading profitably by the end of this current year. For 1979-80, it lost £873,000 pretax.

Whatlings hopes to resume dividends

Although showing increased profits for the first half-year, Whatlings, civil engineering and building contractors, are not paying an interim dividend, but the board hopes to resume dividend payments at the year-end. In the half-year to March 31, pretax profits rose from

£99,000 to £131,000. Turnover of £14.46m—against £11.92m last time—was the highest ever for a winter period. The board finds the full year's profit difficult to forecast, but it considers that the present position will improve. For 1979-80, Whatlings paid an interim of 1.28p gross, but no final.

Hargreaves' outlook

Mr David Peake, chairman of the Hargreaves Group, states in his annual report that the board is very much aware of the importance of dividends in the relationship between the group and its shareholders and the board intends to return to previous levels of dividend payments as soon as circumstances permit.

A programme of expansion, by acquisition and otherwise, in those of the group's traditional activities which have particular relevance to the generation, use and conservation of energy, is well advanced.

This advertisement is published by County Bank Limited on behalf of S & W Berisford Limited.

To the uncommitted shareholders of British Sugar Corporation

1st JULY CLOSING DAY

3-00pm CLOSING TIME

The Final Offer from S & W Berisford for your shares closes at 3.00 p.m. on Wednesday, 1st July. No acceptances received thereafter will be valid unless the offer has become unconditional by that time.

The terms of the offer are:

BERISFORD SHARES WORTH 371p*

OR CASH OF 335p

OR LOAN STOCK OF 335p

As a British Sugar shareholder, you should consider what the effect on your investment would be, should this offer lapse. Over 60% of British Sugar's shares could be put on the market. Accept our final offer without any further delay.

S&W Berisford

*Based on the middle market quotation for Berisford shares on 26th June 1981, calculated from The Stock Exchange Daily Official List.

Acceptance forms should be forwarded to National Westminster Bank Limited, New Issues Department, 20, Abchurch Lane, Drapers Gardens, 12 Throgmorton Avenue, London EC3P 2BD. If you have lost or mislaid your Form of Acceptance, and Transfer telephone 01-638 6000.

The Directors of S & W Berisford Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate, and each Director accepts responsibility accordingly.

New assignments at Wells Fargo Bank

Vice-presidents: Mr Riad Ghali and Mr William M. Scarce have been given new assignments in Wells Fargo Bank's International Banking Group. Mr Ghali has been transferred from San Francisco to London, where he will manage the Middle East and Africa area of the International Group. Mr Scarce, who previously held the London post, has been named manager of the Miami branch of Wells Fargo Bank International. Mr Scarce will also manage the central American/Caribbean/Venezuela area of the International Banking Group.

Mr Philip Tadder, who has been on a two-year secondment to the Panel on Takeovers and Mergers, returns to Deloitte Haskins & Sells as a partner in the London practice office on July 1.

Mr John M. Clay is retiring as executive chairman of Richard Clay and Company on June 30. Mr Clay joined the company in 1936 and has been chairman for five years. He is succeeded by Mr Charles G. Birchall, who has been a director since 1965, while Mr J. Dundas Hamilton becomes non-executive vice-chairman. Mr Roderick Boyd and Mr Simon Clay become joint managing directors, responsible for group manufacturing and sales/marketing, respectively.

Mr I. J. S. Henderson has been appointed to the board

of London and Manchester Assurance Company with effect from July 1.

Sir Adrian Cadbury, chairman, Cadbury Schweppes, has joined the advisory editorial board of Personnel Management, official monthly journal of the Institute of Personnel Management.

Mr Brian Jackson has been appointed to the board of Bejam Freer Food Centre as buying director from July 1.

Mr Austin H. Pope, director aviation division, Dunlop, and chairman Dunlop Aviation Incorporated, USA, has been elected president of the Society of British Aerospace Companies for the coming year. He succeeds Mr Basil Blackwell, vice-chairman and chief executive of the Westland Group of companies, who, having completed a second term of office as president following the death of the late Mr E. L. Beavery, is unable due to other commitments, to fill the office of deputy president.

Mr A. H. C. Greenwood, deputy chairman of British Aerospace Public Ltd. Company, who was president of the society from 1979 to 1981, becomes deputy president. Sir Austin Pearce, chairman of British Aerospace, has been elected as the society's vice-president and Mr Michael J. Coghlan, chairman of Flight Refuelling, was re-elected as treasurer for the coming year.

Rediffusion reaches £19m

Rediffusion, the television rental and retail group controlled by British Electric Traction, lifted pretax profits by £2.1m to £19.2m in the 12 months to March 31.

With most of the improvement coming in the second half, the result brings to an end a three-year period in which profits have remained virtually static.

The group celebrates the progress with an increase in the final dividend from 5.7p to 6.07p gross, which raises the total for the year by just under 5 per cent to 7.86p gross.

Turnover increased by 13 per cent to £248m, but much of the pretax improvement has stemmed from the group's decision in the previous year

to pull out of unprofitable areas like marine radar and audio retailing in the North East.

Interest charges weighed heavily on the result, although they were down from £4.5m to £4.16m. However, Rediffusion has managed to reduce year-end net borrowings from just under £21m to £6.6m, helped by the disposal of a controlling stake in a Hong-kong television station, which had been producing an annual loss of around £2m.

A £2m extraordinary credit reflects profits from this disposal, and the sale of property under £58 per cent of the group's equity.

Recession hits Fortnum

Although its sales improved slightly, from £8.33m to £8.42m, in the 53 weeks to January 31 last, Fortnum and Mason's pretax profits tumbled from £578,000 to just £119,000. However, the total dividend, unchanged at 33.17p gross.

Mr G. R. Weston, the chairman, explains that the profit setback was due mainly to the recession which began in the spring of 1980. The abrupt downturn in retail spending had affected most departments throughout the store. The year's results had also been hit by management actions taken to lower costs, cut back stocks and reduce staff numbers.

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Crds	12%
C. Hoare & Co.	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams and Glyn's	12%

* 7 day deposit on sums of £10,000 and under 9% over £50,000 10%.

W. J. H. Nightingale & Co. Limited
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

Capitalisation £000's	Company	Last Price	Change on Week	Gross Div (p)	Yld %	P/E Actual	Yld %
3,936	Akrosprung Group	68	-	4.7	6.9	10.8	14.9
1,175	Armstrong & Rhodes	47	-	1.4	3.0	19.3	44.8
12,220	Bardon Hill	280	-	9.7	4.9	7.5	12.8
7,770	Deborah Services	101	-1	5.5	5.4	5.0	9.5
3,862	Frank Horsell	103	-1	6.4	6.2	3.2	5.9
9,246	Frederick Parker	64	+1	1.7	2.7	27.3	-
1,181	George Blair	64	-	3.1	4.8	-	-
2,750	Jackson Group	110	+2	7.0	6.4	3.5	7.8
17,942	James Burroughs	130	-	8.7	6.7	9.5	11.9
3,203	Robert Jenkins	314	-1	31.3	10.0	-	7.9
2,700	Scruttons "A"	55	-	5.3	9.6	8.5	7.9
3,046	Torday Limited	198	-	15.1	7.6	7.6	13.1
3,098	Twidlock Ord	141	-	-	-	-	-
2,184	Twidlock 15% ULS	40	+1	15.0	18.8	-	-
6,103	Unilock Holdings	80	+1	3.0	7.5	6.2	9.8
13,003	Walker Alexander	103	-	5.7	5.5	5.7	9.1
5,881	W S Yeates	252	-1	13.1	5.2	4.8	9.7

§ Forward bargains are permitted on two previous days

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(Current market price multiplied by the number of shares in issue for the stock quoted)

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MAILING

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REPORTS

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TRAVEL

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WHOLESALE

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LEGAL

ACCOUNTING

INSURANCE

REAL ESTATE

SECURITY

COMPUTER

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ADDICTION

REHABILITATION

GERIATRICS

PEDIATRICS

OBSTETRICS

GYN

UROLOGY

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NEPHROLOGY

DIABETES

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IMMUNIZATION

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YOGA

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RELAXATION

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EMOTIONS

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MAKING

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LISTENING

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